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## FEES AND USER CHARGES IN LARGE POLISH CITIES

**Abstract:** The aim of this article is to identify the role of fees and user charges in the budgets of large cities (cities with county status) and policies of these entities in this regard. To achieve this goal, the article reviews the research on the importance of fees and user charges in local government finance, and analyses the role of fees and user charges in large cities finances in Poland from 2006 to 2012. The study confirms the global trend observable in different countries, i.e. the increasing importance of revenues from fees and user charges to local government budgets. Secondly, the relative size of revenues from fees and user charges in large cities in Poland are evening out. Thirdly, there are two key areas in terms of service charges: public transport and housing management.

**Keywords:** local government, fees, user charges, public services.

## OPLĄTY W BUDŻETACH DUŻYCH MIAST W POLSCE

**Streszczenie:** Celem artykułu jest celu określenie roli opłat w budżetach dużych miast (miast na prawach powiatów) i polityki tych podmiotów w tym zakresie. Aby osiągnąć ten cel, w artykule dokonano przeglądu badań dotyczących znaczenia opłat w finansach samorządowych oraz przeprowadzono analizę roli opłat w finansach dużych miast w Polsce w latach 2006–2012. Przeprowadzone badania empiryczne potwierdzają globalny trend, zauważalny w różnych krajach, tj. rosnące znaczenie dochodów opłat do budżetów samorządowych. Po drugie, występuje tendencja do wyrównywania relatywnej wysokości dochodów z opłat w dużych miastach w Polsce. Po trzecie, istnieją dwa obszary istotne z punktu widzenia opłat za usługi: komunikacja miejska i gospodarka mieszkaniowa.

**Słowa kluczowe:** samorząd terytorialny, opłaty, usługi publiczne.

## Introduction

In order to finance tasks, public institutions collect funds from a variety of sources. The most important source of revenue for public entities are taxes. Alongside these, due to the diverse nature of the tasks carried out by the state and local government entities, there are other instruments, such as fees and user charges.

One of the most important features of local government revenue is that a given local government can significantly influence the size of these revenues. In this respect, the most important source of local government revenue is own-source

revenues<sup>1</sup> – of which the largest share, over 60% of total revenues, is in large cities (cities with county status).<sup>2</sup> Under the Polish law governing local government revenue sources, fees are included in one group, alongside taxes and social contributions. However, given the substance of the fees that are collected in the budgets of local government units, this narrow interpretation of the law should be extended to include the so-called “user charges” from services (Denek, Sobiech, Wolniak 2000; Jastrzębska 2012; Ziółkowska 2005). This follows directly from the economic substance of fees and user charges as a source of public funds. W. Ziółkowska (Ziółkowska 2005, pp. 151–152) points out that “user charges, as opposed to taxes, indicate a specific benefit to the taxpayer”. According to the definition given by S. Owsiak (Owsiak 2005), fees and user charges are payments for services provided by the government or public administration. There is no doubt, therefore, that fees and user charges collected by the state or local government units, are characterized by two features:

- they have a fiscal goal,
- they are associated with the provision of a service by a public entity, usually in favour of a person who pays a fee or a user charge.

The factors which distinguish fees and user charges relate firstly, to the service provided by the public entity and secondly, the level of payment (payment to cost ratio). J.P. Gaudemet and J. Molinier (Gaudemet, Molinier 2000) highlight the first distinction comparing the tax levy, which is not directly related to the subject of the service and which is collected “by the way” (hereinafter referred as “fees”), and paratax charges, which are payments for a certain service (hereinafter referred as “user charges”). The economic characteristics of user charges is, therefore, close to another financial category: a price (for a service), although user charges are still public levies. Usually the ratio of user charge to cost of service is greater than 50%. In the case of fees, its characteristics is closer to tax, and yet it is still connected with a public service performed by the administration (i.e. issuing certificates) or the use of public goods and utilities. The level of fee is usually disproportionate to the cost of the service and therefore, in the case of fees, the phenomenon of “fiscal illusion” occurs (Owsiak 2005), because their collection is justified by their fiscal role. Such fees are collected, regardless of whether persons “make use of actions by public authorities on their own initiative, or because they are legally obliged to” (Drwiłło 2006). Furthermore, multiplying fees makes it hard for citizens to judge the public levies burden (Wagner 1976).

This article aims to identify the role of fees and user charges in large Polish city finance and policies of these entities in this regard. To achieve this goal, the article reviews the research on the importance of fees and user charges in local government finance, and analyses the role of fees and user charges in large Polish city finance from 2006 to 2012.

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<sup>1</sup> Own-source revenues of the local government in Poland are those revenues which are not subsidies or grants. Own-source revenues are therefore taxes, fees, user charges, interests, etc.

<sup>2</sup> Formally these are local government units that also carry both municipality (*gmina*) and county (*powiat*) status at the same time.

## Literature review

Research on the role of fees and user charges in financing systems, both in local government units and at the central level, indicates that these sources of revenues are gaining importance due to the widening range of tasks carried out by public entities. Another reason is the characteristics of tax revenues, which are dependent on the economic situation. L.E. Borge (Borge 2000) even indicates that the increasing importance of fees and user charges to local government budgets is an international trend, and the relationship between fees, user charges and other sources of government revenues have been discussed for years. B. Huber and M. Runkel (Huber, Runkel 2009) came to similar conclusions in their study. They indicate that user charges for public services in recent decades became very significant despite the continued dominance of taxes – an example is the share of user charges in the federal budget revenues in the USA, where the share of these payments increased from 8.8% (fiscal year 1976–1977) to 10.5% (fiscal year 1991–1992), and at the local level from 10.7% (fiscal year 1976–1977) to 15.3% (fiscal year 2000–2001). This trend was confirmed by a study conducted by L.P. Feld, G. Kirchgässner, C.A. Schaltegger (Feld, Kirchgässner, Schaltegger 2003) in the Swiss cantons. These authors also claim that while tax revenues cannot be flexibly adjusted due to tax competition, in the case of fees and user charges for public services, this restriction is far less important.

The main conclusion of the assessment of the role of fees and user charges in public revenues is an increase of their share in total revenues. This is due, *inter alia*, to the fact that a local authority, with a choice between general revenues, *i.e.* taxes, and revenues directly related to a specific service (user charges), prefer to choose the second option to finance such a service, since fewer payments means fewer users, and therefore the level of income automatically adjusts to the expenditure needs.

The issue of introducing fees and user charges is also associated with the idea of decentralization, as noted in the study by T. Besley and S. Coate (Besley, Coate 2003). In their opinion, one of the important questions concerning decentralization is how public authorities should allocate public goods and how the cost of providing them should be shared. User charges, as a rule, cover part of the costs for providing the service, and thus it is necessary to determine what part this should be. In this regard E.J. Bierhanzl and B.P. Downing (Bierhanzl, Downing 1998) showed that a higher level of revenues from user charges for a service compared to expenditure for this service leads to a lower level of public spending.

H. Cremer, M. Marchand, P. Pestieau (Cremer, Marchand, Pestieau 1997) point out that, from a theoretical point of view, a factor that limits the flexibility of user charges is the transport costs which residents would have to pay if they wanted to take advantage of a specific service in another unit of local government. In the immediate vicinity of a specific local government unit, the level of user charges for similar services should be comparable, although some studies suggest that the decentralized method of setting fees and user charges is inefficient (Fuest, Kolmar 2007). But there is another, more important factor determining the level

of user charges: residents' private income. L.E. Borge (Borge 2000), in his study of Norwegian local governments, indicated that higher private income leads to higher user charges, which in his opinion probably reflects the increased demand for these services. This means, therefore, that in the case of local government units with a similar level of economic development, the level of user charges should be similar.

Previous studies on fees and user charges as a particular source of revenue in municipal budgets in Poland refer to this item only as one of many. Works of authors such as: M. Jastrzębska (Jastrzębska 2005), M. Kosek-Wojnar and K. Surówka (Kosek-Wojnar, Surówka 2007), S. Owsiak (Owsiak 2008), L. Patrzalek (Patrzalek 2010) and M. Dylewski, B. Filipiak and M. Gorzałczyńska-Koczkodaj (Dylewski, Filipiak, Gorzałczyńska-Koczkodaj 2006) should be mentioned in this respect. P. Swianiewicz's (Swianiewicz 2011) work, which defines the theoretical principles related to user charges introduced by local government units as well as their practical application, deserves close attention in this regard. The author also examines user charges implemented by municipalities for kindergartens (Swianiewicz 2012).

The achievements of the aforementioned literature allows us to formulate two distinct theses regarding fees and user charges as local government revenue. Firstly, the role of fees and user charges in local governments' revenue is growing. Where traditional public revenues – taxes – are insufficient for funding needs, local governments introduce fees and user charges for selected services. Secondly, according to the theoretical principles, the levels of fees and user charges in local government units should even out.

### **Fees and user charges in local government finance in Poland**

Own-source budget revenues in the Polish financing system of local government consist, among other things, of local taxes, fees and user charges. With regard to local taxes and other revenues collected by municipalities, taxation laws give only limited scope for making adjustments, whereas in the case of fees and user charges the rules are more flexible.

M. Kosek-Wojnar and K. Surówka (Kosek-Wojnar, Surówka 2007) suggest that revenues from taxes and fees are important, mainly due to the impact of local government on private entities. However, it should be noted that the significance of both taxes and fees varies. Taxes and fees collected by local governments in Poland are fragmented, and as a result “municipalities collect numerous fees resulting from specific laws of little fiscal importance” (Miszczuk, Miszczuk, Żuk 2007, p. 82). In addition, among the fees and user charges which usually contribute to budget revenues, one can find both those that are in fact payments for services provided by different entities and those that are tax-like. Among the latter, for dog licence fees, visitors' tax, product fees, stamp duty, transport charges and market dues, can be listed as examples.

It should also be noted that local user charges for services, at the discretion of local government units, can be collected by different entities. The purpose of the

user charges is not only fiscal gain, but also to cover some of the costs associated with the provision of a specific service. Running public kindergartens, local public transport, the supply of water and central heating are services for which user charges are commonly found in Poland.

Polish legislators point out that some tasks can be carried out by self-financing entities. This group includes local government budgetary establishments<sup>3</sup> and trading companies established by local government units. In this case, the user charges are usually charged by a unit subordinated by the local government and then used to finance the provision of a specific service. This solution is used mainly to provide public utilities.<sup>4</sup> It should also be noted that, while the functioning of local government budgetary establishments dictates payments for services at a certain level<sup>5</sup>, the use of a trading company to implement public tasks does not necessarily lead to such a situation. In the latter case, different solutions are also used, according to which the user charges go towards the budget of the local government unit, and only then payments to the company are made (on a basis of contracting services).

Similarly to the above mentioned cases, in some situations, the choice of organizational form determines the level of user charges for services, and in other situations regulations do allow local government units to choose the form of organization, but set the level of user charges (for example, in Poland, this is the case for water supply and central heating).

### **Analysis of the role of fees and user charges in large Polish city finance**

In order to conduct the analysis, the following methodological assumptions were made. The subjects of analysis are large cities in Poland, especially those that are the seats of regional authorities (hereinafter referred as “the main cities of regions”). Among own-source revenues collected by these cities, fees and user charges introduced by legislation, as well as user charges for public services, were selected. Financial data is derived from the budget statements of cities, but there are limitations to the information available. In the case of companies carrying out public tasks, there is a lack of comprehensive data. Because of these limitations, the analysis proceeds with figures related to the provision of services by local government entities without legal personality – budgetary revenues and

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<sup>3</sup> Local budgetary establishments are organizational units (not legal entities) of the public finance sector that perform separate fee-incurring tasks and cover the costs of their activity from own revenues.

<sup>4</sup> Public utilities are services that aim to satisfy the collective needs of the population (for example central heating, water supply and waste management).

<sup>5</sup> The Public Finance Act states that “Grants to local budgetary establishments, excluding earmarked grants for current tasks financed with EU funds and earmarked grants for financing or subsidizing the cost of investment, may not exceed 50% of its costs.” This means, therefore, that the local budgetary establishment’s own revenues primarily derived from user charges for services must cover at least 50% of its costs; thus high costs of the local budgetary establishment facility will lead to higher user charges.

off-budget revenues (revenues of local budgetary establishments). The research period is 2006–2012.

The main cities of regions were selected for analysis for three reasons. Firstly, due to the fact that they perform the tasks of both municipalities and counties, the amount of fees and user charges collected is higher. Secondly, large cities vary less among themselves in comparison to municipalities in terms of the relative size and structure of revenues. Thirdly, they are the most important cities in their regions, because they are the seats of local and central authorities and are the economic, political and social centres of regions. The main cities of regions are: Białystok, Bydgoszcz, Gdańsk, Gorzów Wielkopolski, Katowice, Kielce, Kraków, Lublin, Łódź, Olsztyn, Opole, Poznań, Rzeszów, Szczecin, Toruń, Warszawa, Wrocław and Zielona Góra.

Table 1. Share of fees and user charges in total budget revenues in large cities in Poland

	2006	2009	2012
<b>Large cities</b>			
Fees and user charges / Total budget revenues	8.5%	9.6%	10.7%
Fees and user charges / Own-source budget revenues	13.3%	15.3%	17.5%
Fees, user charges + own revenues of budgetary establishments / Total budget revenues + own revenues of budgetary establishments	17.0%	14.4%	13.5%
Fees, user charges + own revenues of budgetary establishments / Own-source budget revenues + own revenues of budgetary establishments	25.3%	22.3%	21.6%
<b>The main cities of regions</b>			
Fees and user charges / Total budget revenues	9.8%	11.6%	12.8%
Fees and user charges / Own-source budget revenues	14.1%	17,0%	20,2%
Fees, user charges + own revenues of budgetary establishments / Total budget revenues + own revenues of budgetary establishments	14.9%	15.2%	15.1%
Fees, user charges + own revenues of budgetary establishments / Own-source budget revenues + own revenues of budgetary establishments	20.8%	21.9%	23.4%

Source: own study based on city financial reports 2006–2012.

Fees and user charges collected in the budget during the research period rose from 8.5% to 10.7% of total budget revenues (see Table 1). The importance of fees and user charges in the budgets of large cities is evident and their importance is increasing. The role of fees and user charges is confirmed by their share in own-source budget revenues of large cities – rising from 13.3% to 17.5%. In the main cities of regions the trend is similar, but the rate of increase is higher. It is also worth mentioning that in the main cities of regions the share of fees and user charges (those that are included in budgets and those that are revenues of budgetary establishments) in own-source budget revenues and off-budget (budgetary establishments') revenues rose from 20.8% in 2006 to 23.4% in 2012. It should

be emphasized that this growth is rapid – similar changes in local budgets in the United States took place over decades. The increase in the share of fees and user charges in Poland is due partly to the reduced efficiency of other sources of revenues. Municipalities which introduce user charges for certain services, or other types of fees and user charges, offset the reduced growth rate of other own-source budget revenues, which is justified by an increase in expenditure (over the research period the expenditure growth rate was about 10 percentage points higher than the growth rate of total revenues). On the other hand, organizational changes also had a significant impact on increasing revenues from fees and user charges, i.e. the transformation of local budgetary establishments into budgetary units, which resulted in the inclusion of user charges in the budgets of large cities.

This is confirmed by the data on the own revenues of local budgetary establishments. A downward trend is visible in the case of revenues from user charges in large cities as a whole, while in the main cities of regions the share stabilizes. During the study period, own revenues of budgetary establishments fell almost by a quarter, which is directly related to the phenomenon of crowding out of local budgetary establishments by two other forms of implementing tasks – a budgetary unit or a capital company (Będzieszak 2012). The reason for this process is that budgetary establishments of local governments are neither a typical budgetary organizational form nor a profit-making entity. In a situation when a local budgetary establishment is transformed into a budgetary unit, the user charges for services go towards the budget and the funding for certain services is provided from the budget, which partly justifies the trends described above. In the case where the entities that provide the service are municipal companies, user charges may be either directed to the city budget or to the company revenue. This phenomenon is reflected in the financial data. Despite a decline in the number of local budgetary establishments, and hence loss of revenue (see Table 2), the total share of revenues from user charges in own-source budget revenues and own off-budget revenues increases in the main cities of regions, and thus the phenomenon of including user charges in budgets is confirmed (Table 1). The situation is different, however, when large cities are analysed as a whole, and this may suggest the establishment of local government-owned companies.

Table 2. Fees and user charges in the main cities of regions in Poland (in 000 PLN)

Par.	Name	2006	2009	2012
037	Dog licence fee	3 244	1 215	1 252
039	Health resort fee (in municipalities with health resort status only)	0	20	18
040	Product fee	640	637	846
041	Stamp duty	220 664	213 442	212 755
042	Transport charge	174 242	145 964	150 432
043	Market dues	52 090	39 374	29 856
044	Visitors' tax	2 333	659	2 453
046	Exploitation fee	961	1 073	1 024
047	Fees for management, lease and perpetual use of real estate	445 160	590 288	755 138
048	Fee for licence to sell alcoholic beverages	124 272	157 174	170 121
049	Other fees	282 714	335 692	403 663
051	Exploitation fee (coal mines only)	15 040	9 956	5 944
068	Revenues from parents for child care in childcare/educational establishments and foster families	4 055	3 255	1 267
069	Miscellaneous fees	133 376	195 732	355 903
083	User charges	1 151 591	2 113 663	3 080 743
	<b>Total in budgets</b>	<b>2 610 382</b>	<b>3 808 143</b>	<b>5 171 415</b>
	Local budgetary establishment revenues	1 589 553	1 407 011	1 091 989
	<b>Total</b>	<b>4 199 935</b>	<b>5 215 155</b>	<b>6 263 404</b>

Source: own study based on cities' financial reports 2006–2012.

User charges and fees, broadly defined, are an important source of revenues for the main cities of regions. However, taking into account the division presented in the previous section, a very important characteristic of these effects can be seen (see Table 2). The fees established by the act on local taxes and fees, such as market dues, visitors' tax, as well as a number of others introduced by separate legislation, are far less important than user charges for services provided by the main cities of regions. Using the term defined by Gaudemet and Molinier (Gaudemet, Molinier 2000), we can say that fees are collected "by the way", and therefore do not represent a significant source of revenue. Most of the fee rates belonging to the first group, which have a character similar to tax, are governed by the relevant regulatory authorities, and therefore the impact of the local government in this respect is limited. The insignificance of fees results from the assumption that they do not have to cover part of the costs of a service (for example, issuing certificates), because it is not possible to determine the cost. In the end, within the group of fees not directly related to any public service, the most important are revenues from fees related to real estate and, therefore, somehow related to real estate tax. The most important of the total revenues from fees and user charges,



Table 3. Selected tasks and revenues from user charges in the main cities of regions (in 000 PLN)

Section	Name	Total											
		Budget revenues from user charges				Local budgetary establishments' revenues							
		2006	2009	2012	2012	2006	2009	2012	2012	2006	2009	2012	2012
60004	Public transport	1 222 575	1 628 925	1 920 107	878 417	1 373 975	1 878 769	1 878 769	344 158	254 950	254 950	41 338	
60095	Other activities	68 822	141 651	133 898	40	36	21	21	68 781	141 615	141 615	133 877	
70001	Housing management	750 620	603 592	863 047	0	37 413	293 470	293 470	750 620	566 179	566 179	569 577	
70005	Land use and real estate management	12 108	323 417	352 253	2 926	311 230	340 332	340 332	9 183	12 187	12 187	11 921	
71035	Cemeteries	39 051	52 393	56 292	492	790	805	805	38 559	51 603	51 603	55 486	
75095	Other activities	15 625	22 348	140	194	155	140	140	15 432	22 193	22 193	0	
80101	Primary schools	11 671	2 299	3 025	11 671	2 299	3 025	3 025	0	0	0	0	
80104	Kindergartens	171 090	224 457	148 611	79 938	124 487	148 611	148 611	91 152	99 969	99 969	0	
85158	Detoxification detention centre	23 792	20 721	5 968	4 234	3 933	5 968	5 968	19 558	16 787	16 787	0	
85202	Nursing homes	80 729	99 831	131 580	80 729	99 831	131 580	131 580	0	0	0	0	
85228	Care services	11 323	17 755	22 259	11 323	17 755	22 259	22 259	0	0	0	0	
85305	Nurseries	19 813	26 982	51 550	9 141	13 207	51 550	51 550	10 671	13 775	13 775	0	
90002	Waste management	31 026	59 792	24 417	7 404	20 857	4 577	4 577	23 623	38 935	38 935	19 840	
90003	City cleaning	24 227	13 457	13 241	974	74	506	506	23 253	13 383	13 383	12 735	
90004	Maintenance of greenery in cities	44 993	44 506	52 494	311	454	783	783	44 682	44 052	44 052	51 711	
90017	Municipal services establishments	20 531	9 301	33 412	802	1 081	1 465	1 465	19 729	8 221	8 221	31 947	
92504	Botanical and zoological gardens	10 864	20 234	22 729	10 864	20 234	22 729	22 729	0	0	0	0	
92601	Sports facilities	593	0	11 171	0	0	8 299	8 299	593	0	0	2 872	
92604	Institutions of physical culture	110 984	106 774	159 705	8 543	15 247	32 151	32 151	102 441	91 527	91 527	127 554	

Source: own study based on cities' financial reports 2006–2012.

are however, those which are associated with the payment for services provided by cities (user charges), and also these are characterized by the fastest growth, more than 266% in nominal terms (217% in real terms) over the period considered. At the same time dynamics of own-source budget revenues came to 135% in nominal terms (125% in real terms), and dynamics of total budget revenues – over 150% in nominal terms (123% in real terms). Some attention should be also paid to the own revenue of local budgetary establishments. The share of this source is similar to revenues from user charges contributing to budgets, but over the whole period revenues declined by more than 30% in nominal terms.

Table 4. Revenues from user charges in the main cities of regions (in PLN per capita)

City	Total			Budget revenues		
	2003	2007	2011	2003	2007	2011
	Białystok	427.88	308.35	303.42	165.29	197.38
Bydgoszcz	262.11	239.39	236.49	198.63	203.20	230.21
Gdańsk	586.54	624.65	721.88	251.17	298.11	335.55
Gorzów Wielkopolski	576.64	635.47	500.49	23.92	31.45	41.58
Katowice	567.32	272.50	296.77	53.28	208.46	257.42
Kielce	390.20	266.55	333.01	44.40	210.76	284.92
Kraków	214.08	434.99	437.78	147.80	357.92	417.13
Lublin	229.20	422.91	481.97	39.65	204.02	258.85
Łódź	53.14	79.21	485.21	53.14	79.21	440.77
Olsztyn	19.30	297.71	546.82	19.30	52.68	305.22
Opole	38.34	64.08	88.41	38.34	64.08	88.41
Poznań	331.15	633.71	772.62	16.07	266.06	351.33
Rzeszów	62.80	67.54	239.14	28.35	33.77	220.85
Szczecin	980.61	806.52	522.57	17.09	24.91	311.93
Toruń	440.76	491.11	444.45	9.16	16.72	233.92
Warszawa	401.61	657.71	766.23	318.28	547.26	659.30
Wrocław	262.34	351.12	465.31	226.47	327.66	443.29
Zielona Góra	751.47	883.82	912.64	37.86	45.61	191.89
<i>Average</i>	354.41	457.24	543.16	<b>148.89</b>	<b>274.51</b>	<b>401.02</b>
<i>Standard deviation</i>	253.38	243.14	218.93	<b>109.32</b>	<b>173.05</b>	172.21
<i>Coefficient of variation</i>	71.5%	53.2%	40.3%	<b>73.4%</b>	<b>63.0%</b>	42.9%

Source: own study based on city financial reports 2006–2012.

Revenues from user charges for services provided by the main cities of regions are attractive and a relatively flexible source of additional funds collected

in budgets. Not all areas of a city's activity are equally suited for introducing user charges. In the case of the aforementioned activities of budgetary establishments where user charge-paying results from the nature of the organizational form, the most important in terms of total revenues in all large Polish cities in 2012 were housing, transport and communication, physical education and municipal services, environmental protection, social policy and other services (Rada Ministrów 2013). The case of revenues in the main cities of regions is similar (see Table 3). The most productive areas connected with user charges were related to urban public transport (Section 60004 Public transport) and management of housing (Section 70001 Housing management). However, it should be noted that productive areas are also associated with broadly understood social services, including education and social assistance. In the case of kindergartens, changes are due to the introduction of a law at the beginning of 2010 according to which tasks in the field of education cannot be performed through budgetary establishments, which by that time was a relatively common practice. As a result, user charges for kindergartens are included in budgets, which is a very important reason for the decrease in budgetary establishment revenues.

The varying levels of user charges in the main cities of regions has undergone change. During the period of the study, the level of these charges can be seen to even out (see Table 4). In 2006, the coefficient of variation for the revenues from services per capita in the main cities of regions was 71.5%, and in 2012 – only just over 40%. Very similar proportions occur in the case of budget revenues from user charges. In both cases, the degree of variation is therefore moderate, yet urban policy has led to a gradual harmonization of the burden in respect of user charges.

## Conclusions

The study of large Polish cities in the period 2006–2012, confirms the global trend observable in different countries on the role of fees and user charges in local government finance. The analysis focuses on the use of fees and user charges for services provided by the main cities of regions for its residents and businesses, as a result of:

- the greater significance of revenues from this source in the budgets of cities,
- the greater flexibility in determining the level of such user charges,
- the theoretical justification for user charges.

The increased role of fees in the budgets of cities has been witnessed in recent years. This is a consequence of two phenomena. First, it is the result of the need to generate additional revenues, due to insufficient funds from traditional sources, or due to additional specific tasks that cities perform. On the other hand, it is associated with changes in the organizational form of performing the tasks.

Another important conclusion that drawn from the research, which is consistent with the literature on the subject, is the increase in convergence of revenues from user charges among the main cities of regions. While relatively large differences in revenues from user charges per capita are still observable over the peri-

od, these differences have been significantly reduced. This phenomenon is observable in the cities with county status which are the main cities of regions, and thus those which have the most important significance and which are relatively rich.

## Literature

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