



*CHRONICLE OF THREE
YEARS OF STRUGGLE OF
THE SOCIALIST DEPUTIES*

**FACE À UN GOUVERNEMENT RECENTRALISATEUR, NOS
PROPOSITIONS POUR LES COLLECTIVITÉS**

PAR CHRISTINE PIRÈS BEAUNE, LE 03.12.2018 :

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FACE À UN GOUVERNEMENT RECENTRALISATEUR

**NOS PROPOSITIONS POUR
LES COLLECTIVITÉS DANS
LE BUDGET 2019**

3 DÉCEMBRE 2018





PROJET DE LOI DE FINANCES POUR 2019 UN BUDGET EN TROMPE L'ŒIL POUR LES TERRITOIRES

We have just completed the first reading in the National Assembly of the draft budget bill for 2019 (PLF 2019).

Exceptionally, this bill contains few provisions in favor of local governments, as the government announced that tax reforms and The budgetary issues concerning a piece of legislation to be d



Nevertheless, this PLF 2019 contains **many setbacks against the territories** and we would like to report on them to you through this booklet. We would also like to share with you the **battles that our group has fought against recentralization at work.**

- **The main setback is a budgetary setback:** by combining the impacts of the 2018 Finance Act and those expected from the 2019 FDP, **the territories will have lost, cumulatively since 2017, nearly 10 billion euros in State budget support,** contrary to the Government's misleading announcements.

The budget in favor of local authorities is becoming increasingly technical, allowing the government to "hide" some of these cuts: of course, we have worked to detect them and, above all, to denounce them.

For example, in many cases, the government has publicly taken commitments that it finally makes the collectivities themselves pay for.

- **In the face of this recentralization and in the face of the Government's hidden punctures, the proposals we made in the budget discussion were the following:**
 - The State must pay for the commitments it makes itself: who decides? pay ;
 - The demands placed on communities in terms of their operating expenditures need to be reviewed to better reflect their particular circumstances;
 - Financial solidarity between territories must be strengthened;
 - Support for local investment must be a priority;
 - Non-market assisted contracts need to be revived.

Within the group of socialist and related deputies, **we are well aware of the difficulties that have arisen with the implementation of the territorial reform elaborated under the previous quinquennium, especially with the NOTRE (New Territorial Organization of the Republic) law and the law on the delimitation of regions.** We will endeavour to consult with you so that we can come up with solutions for improvement next spring.

We wish you a good reading and are of course at your disposal.
for any question you would like to ask us!

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LES RECULS DU PLF 2019 POUR LES TERRITOIRES

1. Un manque à recevoir pour les territoires évalué en cumulé à près de 10 milliards d'euros depuis 2017

1.1 Summary of shortfalls for the territories in two years

Total shortfalls for the territories (in millions of euros)			
Device	2018	2019	Cumulative
Baisse des concours financiers en management of the collectivités ("variables adjustment of support for the economic development of the regions...)	-900	-200	-2 000
Decrease in allocations to support local investment (DSIL, rurality contracts...)	-171	-45	-387
Reduction and reform of unassisted employment merchants (CUI-CAE, jobs of the future...)	-858	-857	-2 573
Removal of devices in favour of local investment (FISAC, TEPCV...)	-349	-14	-712
Decrease in departmental subsidies and elimination parliamentary and ministerial reserves (TDIL...)	-219	/	-438
Decrease in the resources of various agencies working in the field on the territories (water agencies, ADEME...)	-270	-246	-786
Reduction in the means of social landlords	-780	-873	-2 433
Decrease in proceeds from police fines	-153	-39	-345
TOTAL	-3 700	-2 274	-9674

Table source: 2018 Finance Act and 2019 Finance Bill

Reading the table: for example, for subsidized jobs for local authorities and associations, the government has cut €858 million in funding for 2018. It has made a new cut of €857 million in 2019 in addition to the cut made in 2018. In total, since 2017, the cut is €858 million in 2018 and €858 million + €857 million in 2019, giving a cumulative total of €2.57 billion since 2017.

1.2 The State makes commitments to local authorities for 144 million euros and makes them pay in secret to the local authorities themselves!

Because of the rules governing financial transfers to local authorities, the State has leeway to pass on the cost of the commitments it makes to these authorities. This is a legal "trick", but it is unfair to the territories.

144 million to certain local authorities to cover exceptional events:

- 50 million in exceptional aid granted to the **community of Saint-Martin, following the passage of Hurricane Irma**. As a reminder, the Prime Minister's press release, dated September 17, 2018, announced that "*the State will provide 50 million euros to the community under its operating budget*,"
- 2 million euros in aid for **local authorities that are victims of climatic events in 2018**;
- 8 million of the **Orsenna plan to extend the opening hours of municipal and departmental libraries** ;
- 84 million euros in financial commitments made in the past by the State for **support the investment of the departments** and which remain to be paid.

In the end, this money will not be paid by the State but will be taken from certain compensatory allowances paid to local authorities, amounting to 144 million euros. 144 million. These are referred to as "adjustment variables" (see the ^{third} row of the table on page 6).

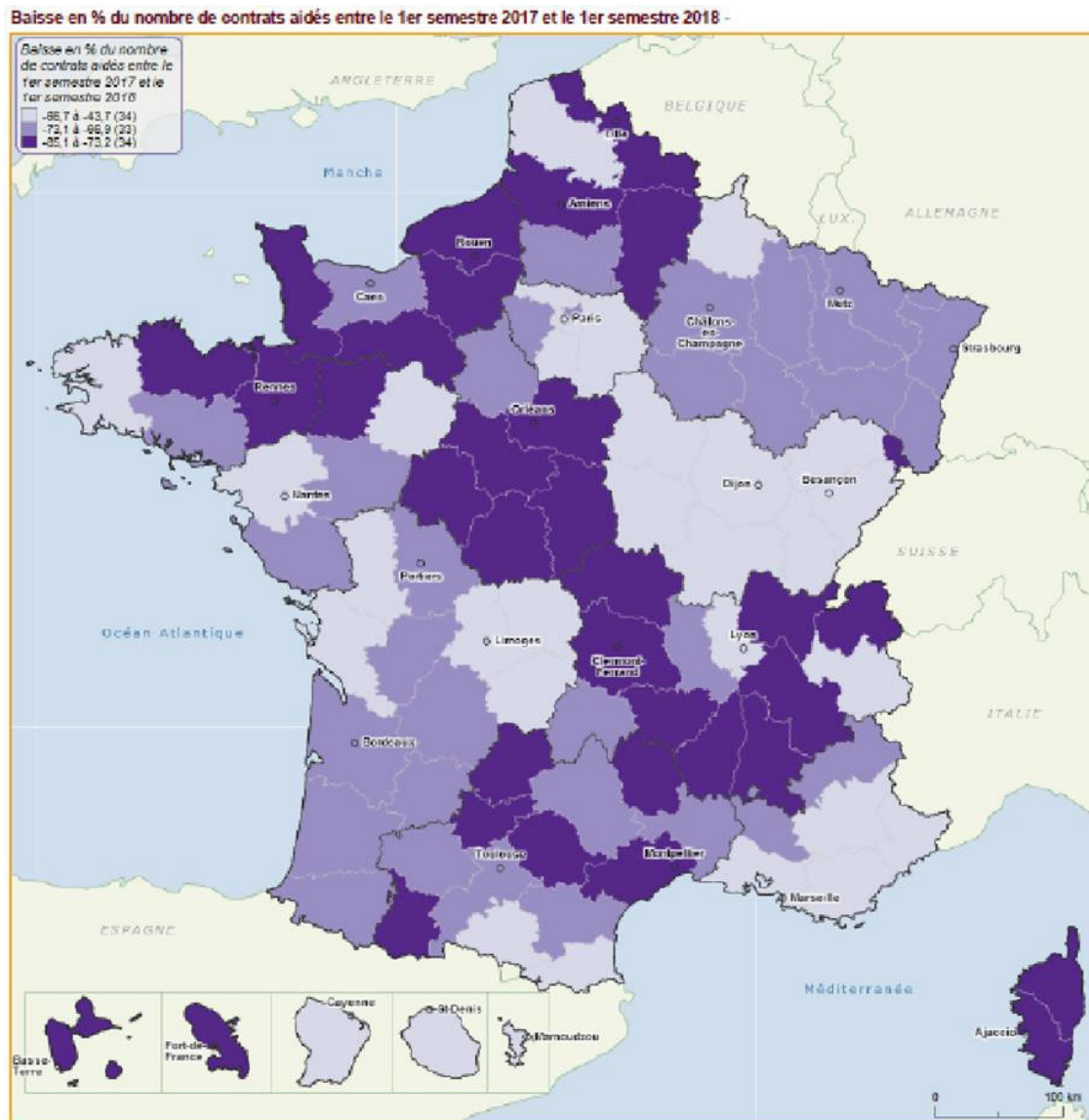
In other words, what the government promises on the one hand, it takes from communities on the other.

1.3 The State is reducing the number of assisted jobs and cutting back on aid for each contract

Since 2017, two phenomena are at work (5th line of the table on page 6):

- **The decline in the number of jobs assisted.** Here is the evolution of the number of new jobs assisted since 2016:
 - in 2016 = 465,000
 - in 2017 = 310,000
 - in 2018 = 200,000
 - in 2019 = 100,000 (as voted in the PLF 2019, this figure no longer includes subsidized contracts dedicated to supporting students with disabilities)
- **The decline in government financial support by contract** due to the transformation of employment support contracts (CUI-CAE) into Skills and Job Placement Contracts (PEC):
 - Coverage is now 50%, compared with 80% or even 90% for former subsidized contracts, and PECs are subject to specific requirements in terms of support and training;
 - The cost for a commune was 385 euros per month with the old formulas, it is 550 euros per month with the PEC.

The map below, drawn up by the Socialists and Related Group based on DARES figures, shows the extent of the percentage decrease in the number of new contracts assisted by department between the first half of 2017 and the first half of 2018. **The darker a department appears on the map, the greater the decrease in the number of assisted job creations.**



In France as a whole, 188,000 jobs were created in the first half of 2017 compared to 61,000 in the first half of 2018, a decrease of 68%.

1.4 The State is reducing its budgetary support for investment by communes and inter-communal bodies.

Here again, since 2017, two phenomena are at work.

- Firstly, **the State is gradually reducing the budgetary means to support local authorities in their investments** (4th line of the table on page 6) :

Endowment	Finance Act 2017	Finance Act 2018	Finance Act 2019
Equipping of rural territories (DETR)	996	1 046	1 046
Local Investment Support Grant (DSIL)	786	615	570
<i>of which rurality contracts</i>	<i>216</i>	<i>45</i>	<i>0</i>
Political Endowment of the City (DPV)	150	150	150
Parliamentary reserve	86	0	0
Total	2 022	1 811	1 766

Source: Special Rapporteurs' introductory note to the Senate of the "Relations with local authorities" mission on the 2019 FDP

As a result, allocations to support investment in the municipal block were reduced by 256 million euros, representing a 13% decrease between 2017 and 2019. These amounts relate to commitment authorizations, which represent the upper limit on expenditures that may be incurred.

- Second, **the State ensures that the payment appropriations (which are the upper limit of the expenditure that can be paid during the fiscal year) are not fully utilized.** A closer look reveals two things.

On the one hand, the payment appropriations for these allocations are much lower than the amount of the commitment authorizations, as shown in the table below: the State announces 1.766 billion euros in commitment authorizations but makes available to municipalities and EPCs "only" 1.421 billion euros.

Endowment	Finance Act 2019	
	Authorizations of commitment	Credits of payment
Equipping rural areas (DETR)	1 046	807
Local Investment Support Grant (DSIL)	570	503
Political Endowment of the City (DPV)	150	111
Total	1 766	1 421

Source: 2019 Finance Bill

On the other hand, as shown in the table below, the majority of the payment appropriations opened in 2019 are appropriations carried over from previous years :

Endowment	Finance Act 2019	
	Credits of payment reported	Credits of payment new
Equipping rural areas (DETR)	677	130
Local Investment Support Grant (DSIL)	453	50
Political Endowment of the City (DPV)	90	21
Total	1 220	201

Source: 2019 Finance Bill

These cumulative "two tricks" mean that, in reality, only 201 million in new money is actually flowing into the government's support for municipal and EPCI investment in 2019.

1.5 The State puts an end to two devices that have proven their worth: FISAC and TEP-CV.

Without any consultation and with a hurried timetable, the government decided to put an end to two schemes supporting investment by local authorities (line 6 of the table on page 6).

- Thus, the **Intervention Fund for the Safeguarding of Handicrafts and Trade (FISAC)** is placed in "extinctive management", as the government documents say.

The PLF therefore does not open any new credit to FISAC in 2019 and only foresees 6.1 million euros for operations already in progress.

- The government also put an end to the **"Territory of Positive Energy for Green Growth" (TEPCV)** scheme, created under the previous five-year term, which had launched a real territorial dynamic in favor of energy transition.

This label has enabled 554 territories, including more than 15,000 municipalities throughout France (France and overseas territories) and representing 40 million of our fellow citizens, to benefit from significant financial support, between 500,000 and 2 million euros, from the Ministry of the Environment for projects relating to energy efficiency, sustainable mobility, renewable energies or the circular economy.

1.6 The State is once again reducing the resources of the water agencies

Our country now has six water agencies, organized by watershed, whose mission is to protect water resources and aquatic environments.

These agencies mainly finance their actions through the proceeds of fees collected from all water users. 2.3 billion in 2017 (in other words, if the return on the fee is higher than the ceiling, the surplus does not go to the water agencies but falls into the State coffers).

Their actions aim to promote the balanced and economical management of water resources, the protection of aquatic environments, the supply of drinking water and the regulation of floods.

The government of Édouard Philippe has decided to reduce this ceiling, which in fact amounts to a reduction in the agencies' means, whereas significant efforts had already been required of them during the previous five-year period.

Thus, in 2018, the ceiling on royalties was reduced by 20 million euros and 200 million euros were drawn from their cash flow. In 2019, this ceiling will be lowered by a further 175 million euros to 2.105 billion euros.

615 million over two years, even though their missions are becoming increasingly numerous (8th row of the table on page 6).

2. Une réduction des inégalités de richesse entre les territoires qui n'est plus une priorité

There are two types of tools to reduce wealth gaps between communities :

- Vertical equalization: the State grants additional funds (called vertical equalization funds) to certain territories according to their needs.

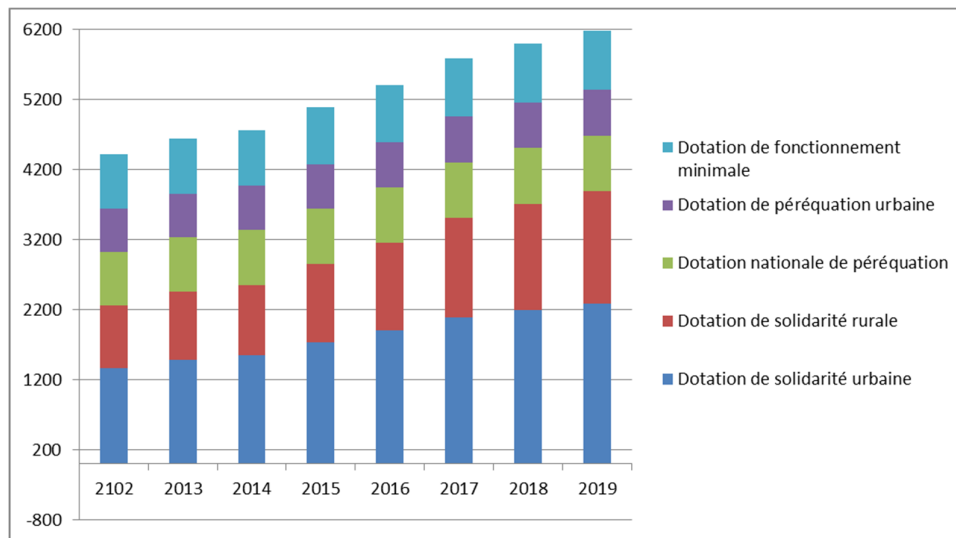
Since 2018, the government has, in practice, deviated from this principle. Indeed, the increase in equalization funds should be money taken from the state budget. But this is not the case: from now on, every time the government increases the vertical equalization funds, it takes all the money from the overall operating allocation, which is also paid to the communities. For example, when the envelope of the urban solidarity endowment increases by 90 million euros, this simultaneously leads to a decrease in the envelope of the lump-sum endowment for municipalities by the same amount. In other words, here again the government is having local authorities finance its commitments.

- Horizontal Equalization: Parliament is taking a bite out of some communities. The money is distributed to the "rich" and redistributed to the poorest.

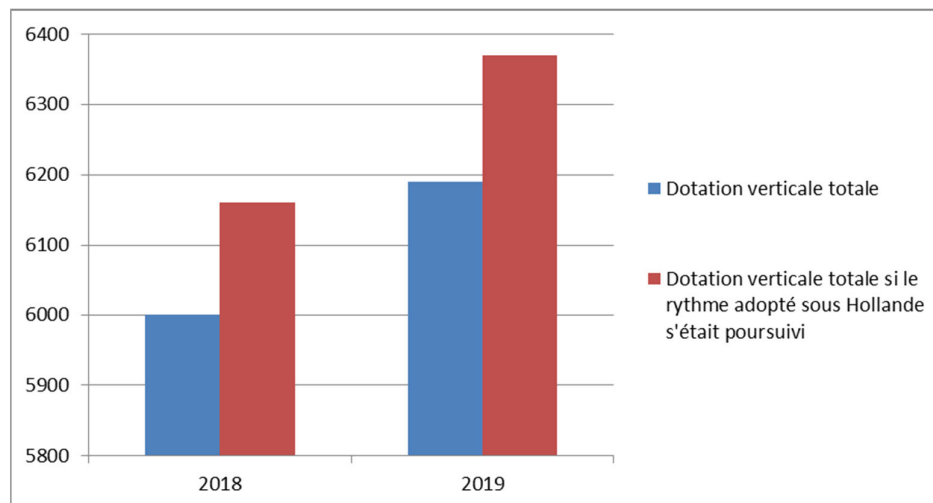
Under the previous legislature, the reduction of wealth inequalities between local authorities was a priority: this was reflected in an increase, each year, in vertical and horizontal equalization.

2.1 The State limits the means it grants to reduce inequalities between territories

The graph below shows the evolution of vertical equalization for communes (Urban Solidarity Grant, Rural Solidarity Grant and National Equalization Grant) and departments (Urban Equalization Grant and Minimum Operating Grant). Until 2017, there is a significant evolution of this equalization which has slowed down from 2018.

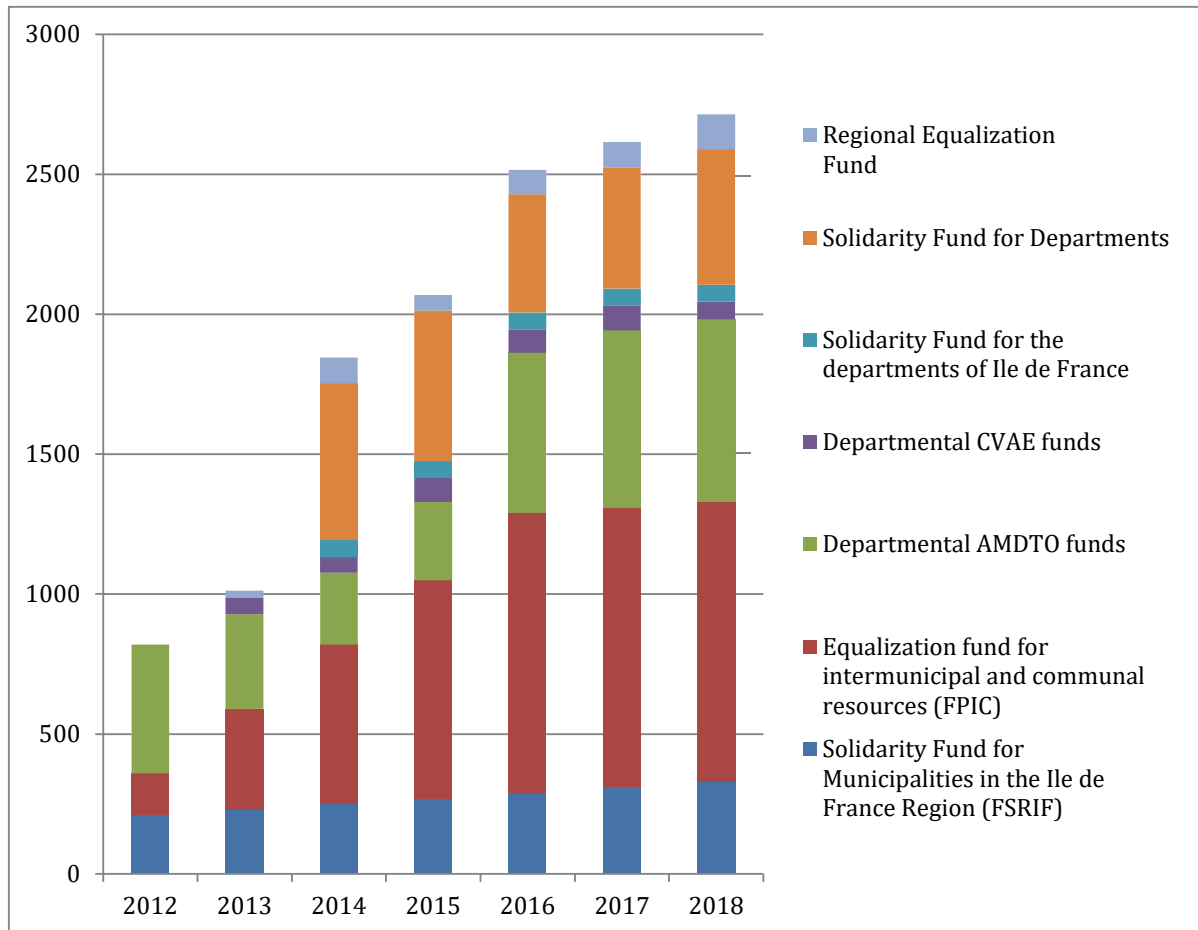


The graph below shows what the level of vertical equalization (in red) would have been for 2018 and 2019 if the progress made under the Dutch quinquennium had been continued. In blue is the current equalization amount. It can be seen that in 2019 the vertical equalization would have been 180 million euros higher.



2.2 The State is less demanding than before in terms of the efforts required of the richest communities with respect to the poorest.

The graph below shows the evolution of horizontal equalization: as in the case of vertical equalization, this equalization experienced a strong increase between 2012 and 2017, which has since slowed down considerably.



It should be noted that it is not yet possible to know the 2019 amounts for some funds, hence the absence of column 2019 in the graph above. However, the government has chosen to maintain the freeze on the amount of the Equalization Fund for Intercommunal and Communal Resources and the amount of the Solidarity Fund for Communes in the Ile-de-France region in the PLF 2019.

2.3 A reform of the EPCI (Intercommunal Public Investment Fund) that does not meet its objectives

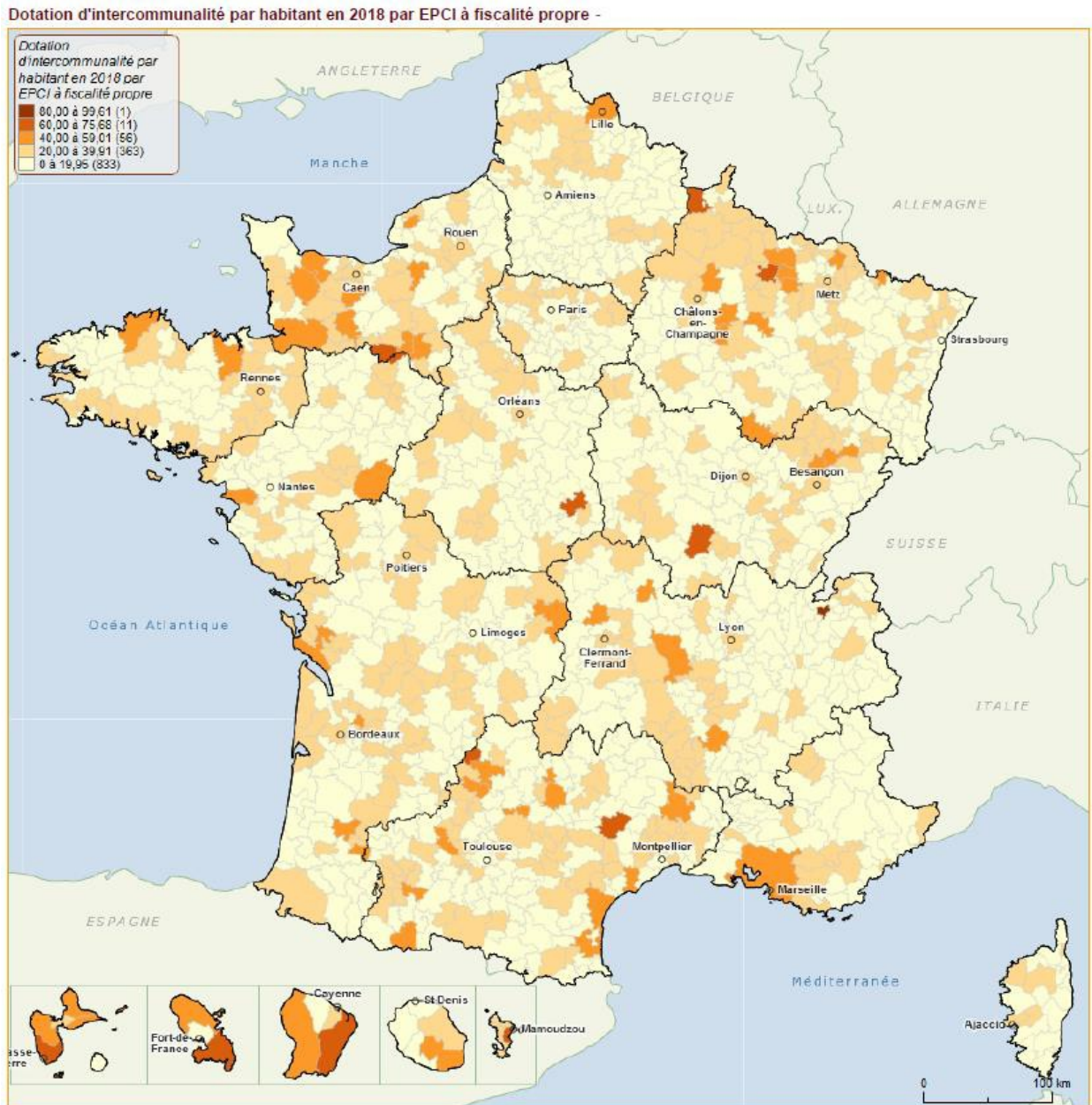
The intermunicipal endowment of the EPCIs with their own tax system was initially intended to reduce inequalities between the different intermunicipalities (EPCIs) with their own tax system and to promote intermunicipal integration. It is therefore in part an equalization grant.

These objectives have been diverted, in particular because the total amount of the intermunicipal allocation has decreased sharply between 2013 (2.702 billion euros) and 2017 (1.470 billion euros) as a result of the successive decreases in the overall operating allocation decided under the previous five-year period.

These withdrawals have reinforced the volatile nature of this endowment, which can also be explained by the increase in population each year and the successive changes in the intermunicipal map.

As a result, endowment allocations have gradually moved away from the level of wealth and degree of integration of the EPCIs.

The map below, drawn up by the Socialists and Related Group, shows the amount of the intermunicipal allocation per inhabitant in 2018 for each EPCI with its own tax system:



Everyone agrees that this endowment needed to be renewed, and this map showing the great disparities between the amounts also attests to this. The government's proposed reform appears to be moving in the right direction, based on the following guiding principles:

- The different envelopes of the intermunicipal allocation are merged into a single envelope, common to all categories of EPCI, whose amount will be revalued each year;
- The level of wealth of the EPCIs will be better taken into account, with the introduction of the per capita income criterion ;
- Guarantees are provided to ensure the continuity and predictability of the amounts allocated.

While we agree with the guiding principles underlying this reform, we see a gap between theory and reality. Thus the simulations communicated by the government, after the adoption of the 2019 finance bill amended by the National Assembly, show that the guiding principles are not respected in practice.

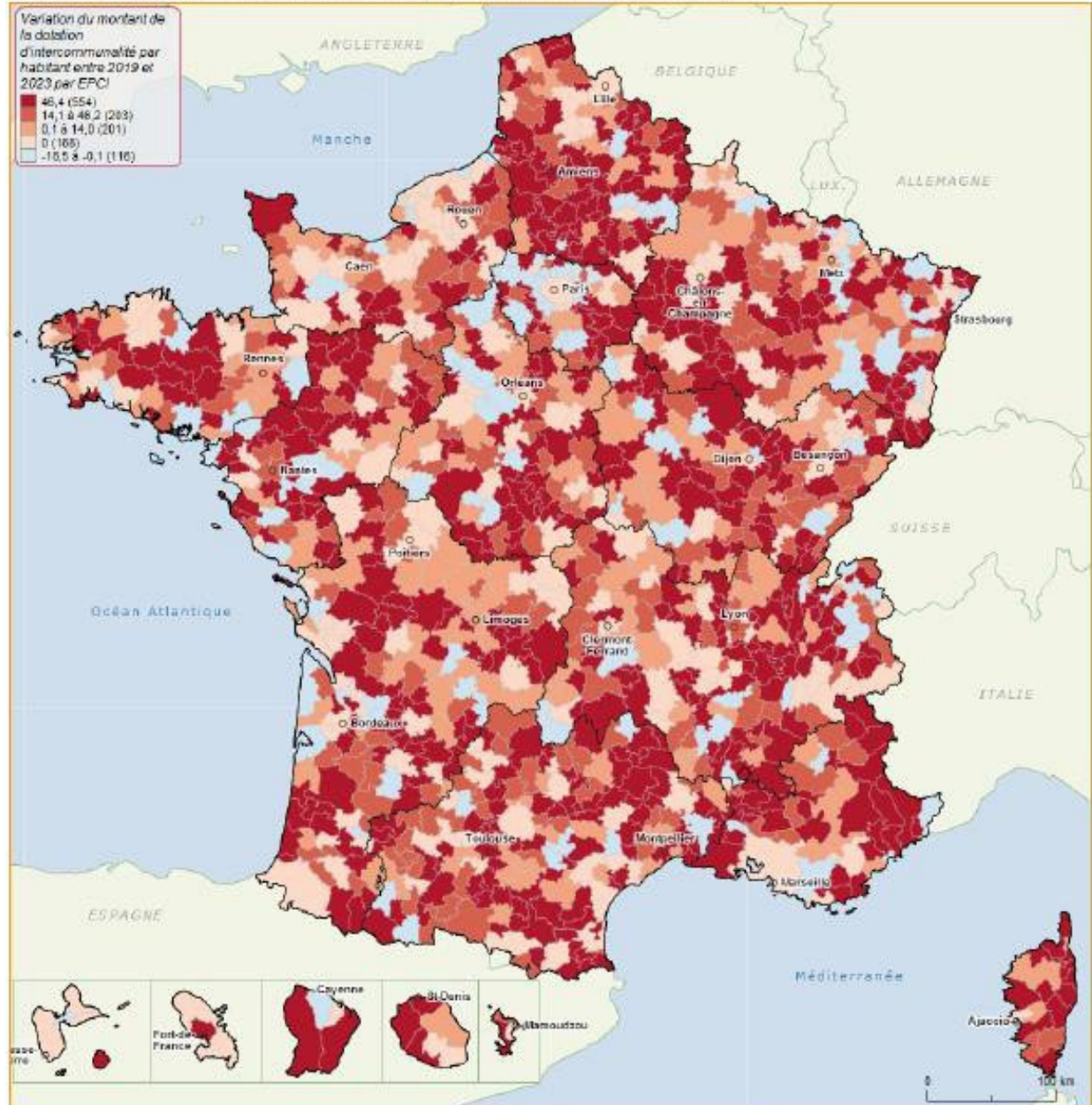
The communities of communes are the main beneficiaries of the reform, with 80% of them benefiting from it, compared with 41% for agglomeration communities, 38% for urban communities and 50% for metropolitan areas.

On closer inspection, some of the developments are surprising. It is the communities of municipalities with additional taxation, i.e. those that refused to switch to a single professional taxation system, that are the main winners with an evolution of their allocation of 6 euros per inhabitant between 2018 and 2023.

Moreover, if it is not a question of opposing the categories of EPCI with their own tax system, no metropolis will experience a decline in its intermunicipal allocation over the period when certain communities of communes or agglomerations lose out to the reform, despite strong community integration and low per capita income.

The map below, drawn up by the Socialists and Related Group based on the simulations mentioned above, compares the percentage changes in the amount of intermunicipal funding per inhabitant between 2019 and 2023 for the 1,262 EPCIs with their own tax system in our country in 2019.

Variation du montant de la dotation d'intercommunalité par habitant entre 2019 et 2023 par EPCI -



3. L'effort demandé aux collectivités locales est plus important qu'annoncé compte tenu du retour de l'inflation

3.1 The public finance programming law requires local authorities to reduce their spending

Stopping the steady decline in community endowments is a good thing. However, the method chosen by the government imposes a much more constraining trajectory on local finances than it appears.

The Public Finance Programming Law (LPPF) for the years 2018 to 2022 sets a budget surplus target for local authorities and EPCIs of 17 billion euros in 2022. To achieve this, the PSSA 2018-2022 sets :

- **a national target for the evolution of the real operating expenses of** local authorities and inter-municipal bodies (EPCI) of 1.2% per year in value (including inflation). This means that if inflation is 2% per year, then the real decrease in operating expenditure is 0.8%.
- **a target for the evolution of the financing needs of** local authorities and EPCIs of -2.6 billion euros per year (-13 billion euros in total).

According to the government communication, the goal is for the rate of increase in community operating expenditures to be lower than in previous years.

In reality, **this objective leads to a requirement that communities reduce their operating expenses in line with inflation. Indeed, the rate of increase in operating expenditure, set at 1.2 per cent, is less than the level of inflation for each year between 2018 and 2022.**

3.2 An unprecedented corsetage of local public spending, at the to the detriment of public action on the territories

The 2018-2022 PSSA has set up a system of contractualization between the State and the 322 local authorities and EPCIs with their own tax system, whose main budget exceeds 60 million euros. 60 million. As of July 1, 2018, 229 of the 322 local authorities had signed a contract, representing 71% of the total.

It is now possible to draw a first assessment of this system. As anticipated by the Socialist and related deputies during the autumn 2017 budget discussions, local public expenditure control contracts suffer from several limitations, for example :

- when the State imposes new expenditures on local and regional governments, not all of these expenditures are neutralized in the definition of the real operating expenditures of these governments ;
- the solidarity spending of the departments has a dynamic that is largely beyond their control. However, these contracts take too little account of this particularity.

4. Un affaiblissement de l'autonomie fiscale des collectivités

4.1 Abolition of the housing tax: a compensation which is not guaranteed over time

The government has announced a phase-out of the housing tax for 80 per cent of households between 2018 and 2020, to be preceded by a total elimination of the tax by 2022.

This abolition will take the form of a tax rebate for municipalities and intermunicipalities (EPCI with own taxation), which legally ensures them compensation to the nearest euro on the basis of 2017 rates.

However, there is no guarantee that in the future this rebate will not turn into an exemption, which can be reduced each year: unlike the rebate, an exemption is not compensated by the State to the nearest euro.

4.2 No, the mayors did not take advantage of the tax rebate of the housing tax to increase the rates!

The subject of the housing tax rebate has given rise to a highly questionable communication from the government, stigmatizing the communes and inter-communalities (EPCI with their own tax system) that have increased their rates or modified their abatement policy.

Indeed, as the State compensates the housing tax rebate to the nearest euro on the basis of the 2017 rates, any rate increase decided democratically by a municipality or an EPCI after this date will be borne by the local taxpayer.

However, in 2018, fewer municipalities increased their housing tax rate (6,155 municipalities increased their rate by 0.55 points on average) than in 2017 (8,423 municipalities increased their rate by 1.15 points on average).

These 6,155 municipalities represent only 17% of the total number of municipalities in our country and the increases voted (generating 30.1 million euros in additional tax revenues in 2018) represent only 1% of the total amount of the tax rebate in 2018.

The slogan #BalanceTonMaire, disseminated on social networks by supporters of La République en Marche, is therefore not only insulting but also misleading.

Through this communication, it is simply the fiscal autonomy of the communal block that is denounced and with the progressive elimination of the housing tax, it is **this autonomy that is under attack.**

4.3 Fiscal autonomy in the government's sights

Fiscal autonomy is measured by the share of tax resources with a territorialized base and a rate set by the local authority in the total resources of the local authority. According to a report by the National Assembly's Delegation for Local Government and Decentralization on the financial autonomy of local authorities, the rate of fiscal autonomy for the municipal block in 2015 was 41.1%, 22.6% for the départements and 9.2% for the regions.

Assuming a complete abolition of the housing tax, compensated for the communal block mainly by a transfer of the departmental share of the property tax on built-up property (the departments being compensated by a fraction of the national tax), the rate of fiscal autonomy of the communal block in 2022 would be 38.3 per cent, only 1.7 per cent for the departments and 9.2 per cent for the regions according to the above-mentioned parliamentary report (see details in the table below, which is in billions of euros) :

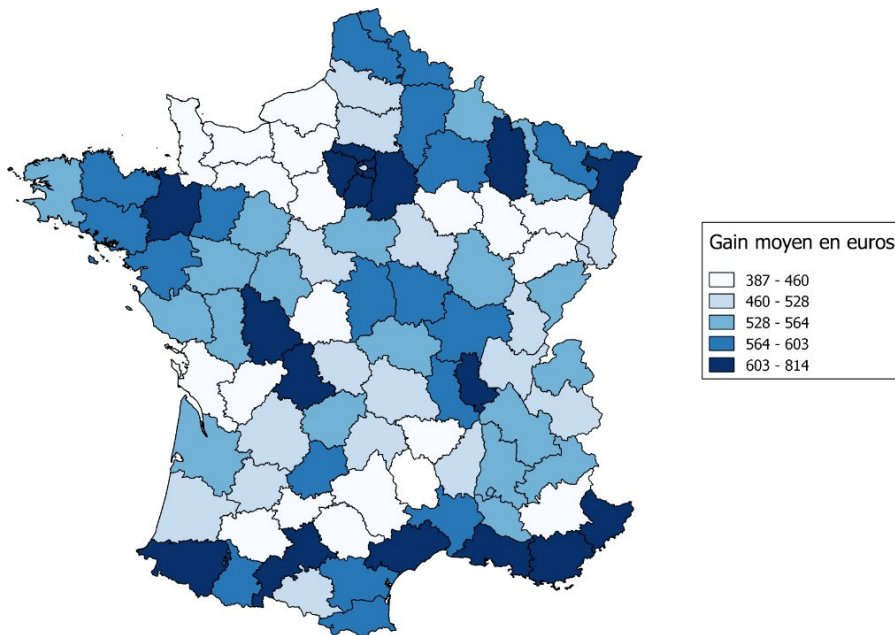
		Projection des montants susceptibles d'être perçus en 2022, après suppression de la TH et transfert au bloc communal de la part départementale de la TFPB (en milliards d'euros) (dégrèvements et exonérations déduits)			
Impôt		Bloc communal	Départements	Régions	Total
Ressources fiscales relevant de l'autonomie fiscale au sens strict : assiette territorialisée + taux fixé par leurs assemblées délibérantes	Taxe foncière sur les propriétés bâties (TFPB)	30,71	0,00		30,71
	Taxe foncière sur les propriétés non bâties (TFNB)	0,84			0,84
	Contribution foncière des entreprises (CFE)	7,07			7,07
	Taxe d'habitation (TH)	0,00			0,00
	Taxe de séjour	0,30	0,00		0,30
	Taxe d'aménagement	0,00	0,40		0,40
	Taxe sur les surfaces commerciales (TASCOM)	0,80			0,80
	Taxe sur la consommation finale d'électricité	1,50	0,70		2,20
Taxes sur les certificats d'immatriculation			2,10	2,10	
Sous-total 1 : ressources de fonctionnement relevant de l'autonomie fiscale au sens strict		41,22	1,10	2,10	44,42

Excerpt from the parliamentary report by MPs Charles de Courson and Christophe Jerretie

The report does not mention this option, but in the case of compensation for the abolition of the housing tax based solely on a transfer of a fraction of the national tax to the municipal block, the latter's rate of fiscal autonomy would be greatly weakened.

4.4 Inequalities of wealth between territories frozen by the abolition of the housing tax

The map below, drawn up by the French Office for Economic Conditions (OFCE), shows the average gain for households generated by the housing tax rebate.



Unfortunately, this map does not include ultramarine communities.

The large variation in these gains by department is explained by the fact that the average amount of housing tax paid by households varies greatly from one department to another (and, to be more precise, from one commune to another).

These differences can be explained by many factors: tax bases, very different rates and abatement policies according to the communes...

Everyone agrees that the housing tax is an unfair tax, because its amount does not sufficiently take into account the contributive capacity of households and the tax bases are obsolete.

But this tax is also unfair because its return is very unevenly distributed among communities. The poorest generally have lower housing tax revenues than the richest.

However, by abolishing the housing tax and compensating it to the nearest euro for each municipality, this amounts to freezing the former unequal returns on housing tax depending on the territory.

LES BATAILLES QUE NOUS AVONS MENEES LORS DU DEBAT BUDGETAIRE POUR 2019

For the past year and a half, the socialist and related deputies have been putting forward alternative proposals, based both on knowledge of their territories and on the numerous field surveys.

1. Faire confiance aux collectivités territoriales et à leurs élus

1.1 Make the State pay for the commitments it makes

The socialist and related deputies have a line of conduct: **commitments made unilaterally by the government, without consultation with the communities, must be paid for by the State and not by the communities.**

The group has therefore tabled amendments aimed at having the exceptional aid to Sint Maarten or the extension of library opening hours financed by the State itself, by means of an increase up to the amount of the State's financial assistance to local authorities.

1.2 Recreating 100,000 assisted jobs

In both PLF 2018 and PLF 2019, Socialist and related MPs opposed the abolition of subsidized contracts.

Within the framework of the 2018 counter-budget and the alternative 2019 budget drawn up with the socialist senators, the group therefore proposed to reverse these successive cuts.

In 2019, the Socialist and related deputies propose to create an additional 100,000 assisted contracts, a doubling of the number of such contracts.

1.3 Review the efforts required from local authorities on their operating expenses for more equity

During the examination of the 2018 finance bill, the socialist and related deputies had fought against the implementation of the contractualization mechanism between the State and the largest communities. **Not because they were opposed to the very principle of contractualization, but because they considered the architecture of local public expenditure control contracts to be a fool's game.**

The implementation of these contracts in recent months, which enable the State to put pressure on local authorities, has confirmed this position. As part of the review of the 2019 FDP, the Group is therefore proposing to abolish the contractualization system, or else to reform it at several levels:

- The ceiling for the evolution of real operating expenses, set at 1.2%, must be revised to take into account the return of inflation. This ceiling must take into account the financial impact of normative changes resulting from unilateral decisions by the State;
- Certain operating expenses must be excluded from the scope of the 1.2% target because they are more "virtuous" or because they are offset by operating revenues of the same amount;
- Departmental spending on individual solidarity allowances (Revenu de solidarité active, Allocation personnalisée d'autonomie and Prestation de compensation du handicap) needs to be better neutralized.

2. Instauration de l'équité entre territoires et soutien l'investissement

2.1

Boosting financial solidarity between territories

Socialist and related MPs want to revive equalization.

- With **regard to vertical equalization: it must be paid by the State**, which must stop having it partially financed by local authorities through levies within the global operating budget (DGF).
- With **regard to horizontal equalization**, the Socialist deputies are in favor of increasing the amount of the FPIC and restoring its initial ambition (for the record, the 2012 budget law had set a target of 2% of the tax revenues of the communal bloc).
- They are also in favor of increasing the national equalization fund for transfer duties for valuable consideration (DMTO) collected by the departments, since the distribution of DMTOs is very uneven across the country.
- With regard to the reform of the intermunicipal grant (which is an equalization grant for EPCIs with their own tax system), the group presented several amendments to make it fairer, based on simulations provided by the government, so as not to favor one category of EPCIs with their own tax system to the detriment of the others.
- **Finally, since last year, the Group has been calling for the establishment of a sustainable support fund for overseas collectivities, to be supplemented by new funds that are not redeployed from other budget lines.** 150 million in payment appropriations in the first year, to provide financial support to local authorities facing specific problems.

2.2 Supporting communities in their investment for the energy transition

The energy taxes levied today in France fall into the coffers of the State, which can decide to allocate part of them to local authorities, which today carry the bulk of investments in favor of the energy transition.

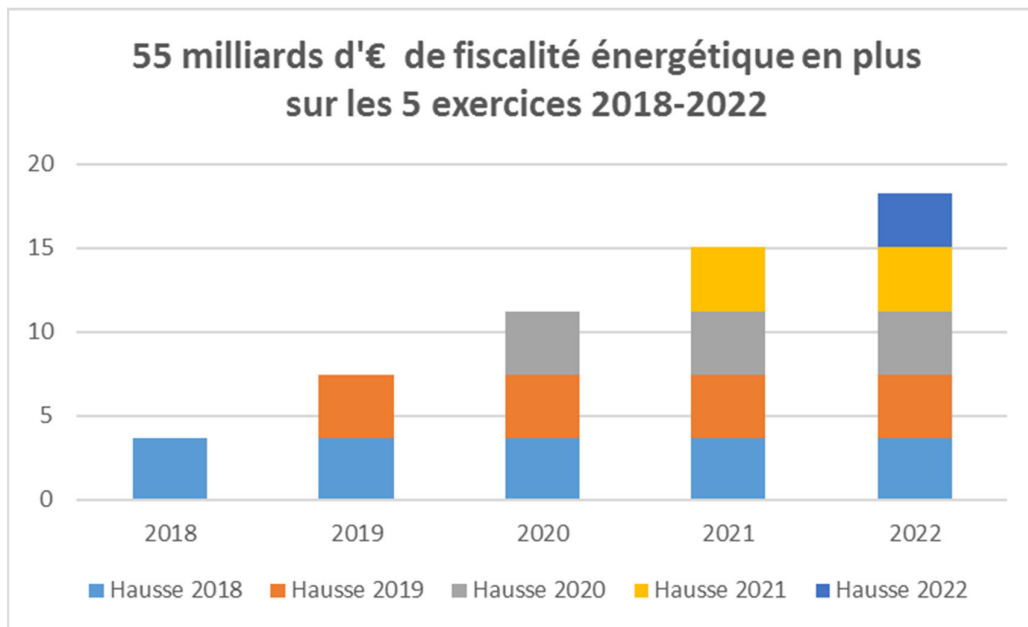
In 2019, of the 37.7 billion euros in expected returns from the domestic consumption tax on energy products (TICPE), 12.3 billion euros will go to local authorities.

The Socialist and related deputies defend the idea of directing an additional fraction of TICPEs to regions that have adopted a regional climate, air and energy plan and to EPCIs with clean taxation that have adopted a climate-air-energy plan.

While communities have more expertise in the area of energy transition, there has been no transfer of capacity to implement it.

In the present context, where the marginal shift in the efficiency of energy taxation towards the energy transition is strongly criticized, this reform would make it possible to respond to some of the current demands.

As a reminder, the unprecedented increase in energy taxation will generate an additional yield over the five-year period of 55 billion euros cumulatively.



In addition, the cost of this new route will penalize in priority those French people who do not have public transportation to work.

The Socialist and Related Group has drawn up a map based on an INSEE study, which shows that means of transport to work vary greatly from one territory to another.

The map below shows that while the French around the metropolises get to work by public transport, a large proportion of the French go to work by car because they have no other choice.

Part des déplacements domicile-travail en transports en commun - [ITDD], 2015 - source : Insee, RP



With the increase in energy taxation, the government is aggravating the social and territorial fractures in our country.

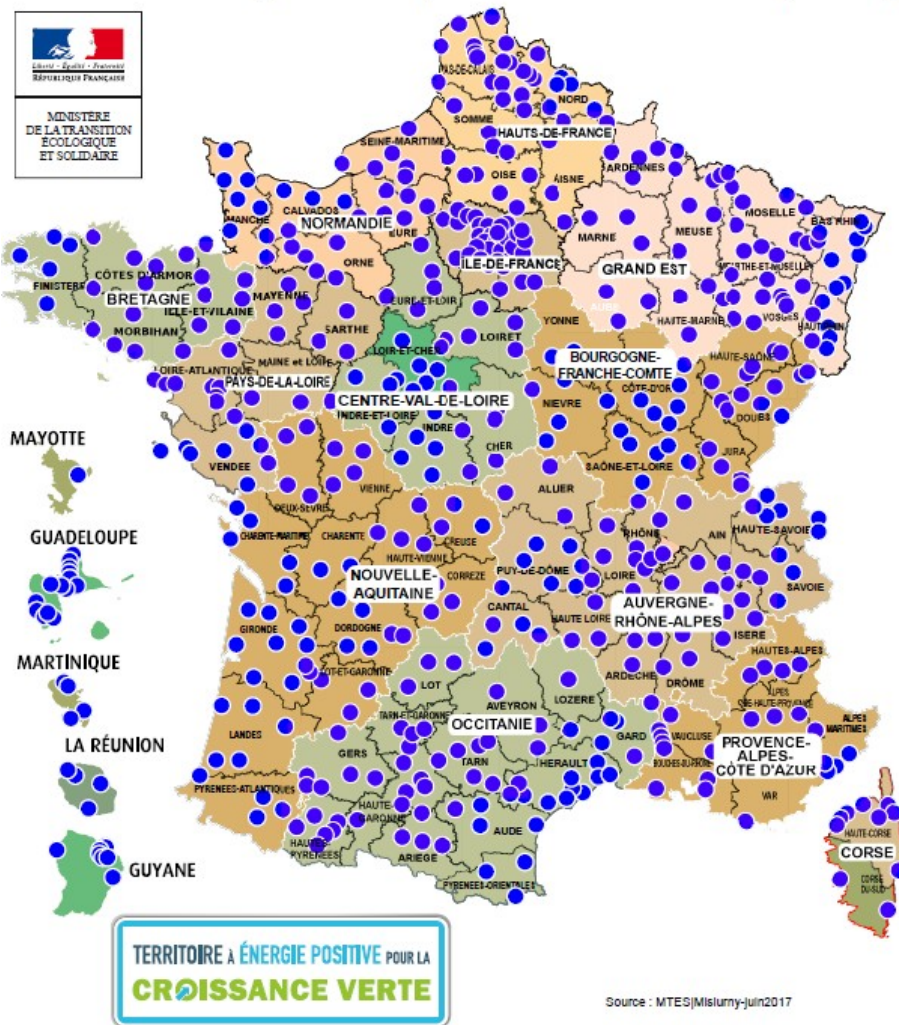
On the other hand, the socialist and related deputies propose to relaunch :

- The "positive energy territories for green growth" (TEPCV) scheme, with an additional 300 million euros in funding from the Ministry of Ecological Transition.

These new-generation TEPCVs would build on the results of the first TEPCVs, by improving the transparency of the system, the readability of calls for projects, broadening the scope of eligibility of actions and creating more interaction between the winners.

As a reminder, the map below lists all the VCECTs in the territory national in June 2017 :

Territoires à Energie Positive pour la Croissance Verte (TEPCV)



- **The Intervention Fund for the Safeguarding of Crafts and Trade (FISAC).**

The Socialists and Related Group proposes to maintain this fund with 14 million euros of commitment authorizations for new projects in 2019 and 5 million euros of additional payment appropriations for their implementation.

The government and its majority were opposed to it, putting forward an evolution of the tools to support crafts and local commerce. In this case, the government considers that the "Action cœur de ville" scheme on the one hand and the future National Agency for Territorial Cohesion on the other hand will replace them.

Today FISAC is being applied in a privileged manner in municipalities classified as rural revitalization zones and in medium-sized cities that have a contractual arrangement with the State. While the "Action at the Heart of the City" program, which integrates

222 medium-sized cities, will well concern the second, it will not apply to the first. However, France has nearly 15,000 municipalities classified as ZRRs.

Finally, the National Agency for Territorial Cohesion will not be operational until 2020 and many unknowns remain as to its means and scope of action while Parliament is still debating its creation.

Thus, the rural communes are well deprived, at least for 2019, of a support system for handicrafts and local trade.

NOS COMBATS POUR LA SUITE DE LA LEGISLATURE

1. Pour une rénovation des relations financières entre les collectivités et l'État

Beyond equalization, the socialist and related MPs are in favour of an overhaul of the financial and fiscal architecture of local authorities.

The government has announced the presentation and consideration by Parliament of an amending budget bill focusing on local taxation in the first half of 2019. The Socialists and Related Group will play a full part in this, in conjunction with local socialist elected officials, the Party and the Socialist and Republican Group in the Senate.

For the Socialist and related deputies, this reform must meet four criteria objectives :

- **Guarantee the fiscal autonomy of local authorities**, by defining a share of their resources that must be made up of tax revenues, the base and/or rate of which they can set;
- To develop in parallel the equalization mechanisms to **reduce the wealth gap**;
- Allocate a portion of their resources to each category of community. tax issues related to their missions;
- **Simplify its architecture** by guaranteeing each category of local authority a dynamic and diversified "basket of fiscal resources".

This reform must also be accompanied by a simple rule: **when Parliament votes on local tax exemption schemes, local authorities must be free to decide whether or not to apply them in their territories.** In fact, the State does not compensate for all of these exemptions, which severely penalizes the tax resources of the poorest communities.

In addition, the reform of local taxation must finally be accompanied by another major reform: the reform of the overall operating allowance, to simplify it and make it fairer. The 2015 report by socialist parliamentarians Christine Pirès Beaune and Jean Germain on the subject is a good basis for work.

Their work resulted in the publication of several scenarios, accompanied by very precise simulations up to 2025, commune by commune.

It is regrettable that this reform, combining a concern for territorial equity in substance and a principle of transparency in form, could not succeed.

2. Pour une meilleure valorisation de l'innovation locale

Socialist parliamentarians must be attentive to the innovations developed by socialist elected representatives in all territories and bring them, if necessary, to Parliament to experiment with them and eventually generalize them.

2.1 The need to revise the Constitution to promote the right to differentiation

As part of the constitutional review, which came to a halt this summer and is expected to resume in January, the Socialists and Related Group is making several amendments relating to local government.

- The group defends the idea of creating a **law on the financing of local authorities, making it** possible to trace in one document all the financial relations between the State and local authorities and thus to check more easily whether the State's commitments are really fulfilled.

- The group would like to see the **constitutional principle of fiscal autonomy for local authorities recognized**. The constitutional principle of financial autonomy is indeed too imperfect and limited today.
- The group seeks a **constitutional guarantee of compensation to communities in the** event of a transfer of jurisdiction.
 - The group is in favor of a relaxation of the **right to experiment**, whose framework is too restrictive today, in particular by allowing the perpetuation of an experiment without automatic extension to the entire national territory. It is also in favour of allowing the State to transfer some of its competences to only a part of the territorial authorities of the same category. It also proposes to give local authorities the right to adapt to the specific characteristics of their territories in a controlled manner.

2.2 Putting it into practice: the bill to introduce the Basic Income

In 2019, the socialist parliamentary groups will include in their "parliamentary niche" (a day reserved for the examination of bills brought forward by a political group) the **bill drawn up by 19 socialist departments to experiment with the implementation of a basic income, which would be the result of the merging of the activity bonus, the active solidarity income and possibly personalized housing assistance.**

This experimental project is based on the experience of socialist departmental socialist elected officials in terms of social policy and integration and on a reflection work carried out with a think tank and two research laboratories.

The Socialists and Related Group would like to repeat this initiative on other subjects during the rest of the legislature.

**FACE À UN GOUVERNEMENT
RECENTRALISATEUR**

**NOS PROPOSITIONS POUR LES
COLLECTIVITÉS DANS LE BUDGET 2019**



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