Interreg Mediterranean
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Local fiscal policies to promote renewable energy sources and synergies with the sustainable mobility

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Interreg Mediterranean
EUROPEAN UNION

Why the local fiscal policies?

The sectors of the economy that fall outside the scope of the European Union Emissions Trading System (EU ETS) account for almost 60% of the European Union (EU)'s total domestic emissions of greenhouse gases (GHG)[1]

A drastic decrease of the GHG emissions of the non-ETS sectors is crucial for the EU's implementation of the Paris Agreement.

[1] Source: https://ec.europa.eu/clima/news/member-states-emission-reduction-targets-2021-2030-adopted_en

Why the local fiscal policies?

The non-ETS sectors include transport, buildings, agriculture, non-ETS industry such as the tertiary sector, and waste. Such sectors all share a common feature: in most of the MED countries the local and regional authorities regulate them.

Why the local fiscal policies?

The local authorities adopt different tools of regulation such as the mandatory and control regulations; the economic and market based tools; and non mandatory and volunteer instruments.

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Why the local fiscal policies?

Among the economic and market based tools, the fiscal policies stand out for their multiple repercussions: the fiscal policies have an impact in terms of fiscal collection, they can take into account the external environmental effects of economic activities as well as they are a lever to influence behaviors of taxpayers.

The fiscal incentives are quite more sustainable than direct subsidies and the fiscal disincentives fix the “right prices” for polluting products and services, ideally aiming at prices that reflect the environmental impacts of products.

Why the local fiscal policies?

Even if in the 2002-2014 period the actual number of environmental taxes implemented in EU Member States has increased, the green taxation at local level is still largely unexplored, since most of the environmental taxes are deployed by national governments.

Despite the local authorities in the Mediterranean area are largely limited or forbidden from putting in place new environmental taxes, in many cases they can easily modify the existing local taxes and fees taking into account the environmental interests.

Why the local fiscal policies?

The LOCAL4GREEN has proved the feasibility and the suitability of the local green taxation to promote the RES and it focused on an unexplored niche of public policies that can be exploited also to promote other sustainable development sectors (energy efficiency, sustainable tourism, etc.).

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Why the local fiscal policies?

Contribution to the "Effort sharing" legislations to tackle the non-ETS sectors emissions, setting an overall 10% emissions reduction by 2020 and a 30% emissions reduction by 2030.

Along with the EU ETS and the land use, emission and removals from land use change and forestry (LULUCF) regulation - critical to achieve the EU overall goals in terms of climate change mitigation undertaken in the framework of the Paris agreement.

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Elaboration of a participatory methodology to prepare the green local fiscal policy to promote renewable energy sources

20 steps based on the Deming cycle: Plan, Do, Check, Act.

Focus on:

Step 1 Analysis of the potential of renewable energy in the municipality.

Step 2 Legal analysis of the potential of local fiscal policies to intervene in renewable energy sectors at a municipal level.

Step 3 Financial-administrative analysis of the potential and economic sustainability of local fiscal policies to intervene in renewable energy sectors at a municipal level.

Elaboration of a participatory methodology to prepare the green local fiscal policy to promote renewable energy sources

But attention also to:

Step 4 Analysis of gender and social inclusion perspective regarding local fiscal policies to intervene in renewable energy sectors at a municipal level.

Step 7 Consultation with the specific sector, association or collective affected by the local fiscal policies aimed at promoting prioritised renewable energy sources.

Stage 8 General citizen participation regarding local fiscal policies aimed at promoting prioritised renewable energy sources.

Designing local fiscal policies to promote renewable energy sources.

75 Pilot municipalities in 9 countries: Croatia, Slovenia, Albania, Greece, Cyprus, Malta, Italy, Spain and Portugal.

127 fiscal policies designed to promote de renewable energy sources by 10 partners.

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Designing local fiscal policies to promote renewable energy sources.

What kind of fiscal policies have been proposed?

Designing local fiscal policies to promote renewable energy sources.

Kind of fiscal policies	Nº	%
Immovable property tax	18	14%
Tax on economic activities (or trade tax)	14	11%
Fees for use or occupation of public land	14	11%
Fee for construction of a new building/refurbishment	20	16%
Tourist tax	2	2%
General municipal RES tax for the industry	1	1%
Municipal tax on real estate transmission	1	1%
Tax on vehicles	2	2%
Others	12	9%
Not defined not foreseeable yet	3	2%
Municipal buildings leasing/renting revenues	17	13%
Waste Collection and Lighting fees	18	14%
Parking fees	4	3%
Trade licenses	1	1%
	127	**100%**

Implementation of local fiscal policies to promote renewable energy sources

How many fiscal policies have been approved?

So far 35 fiscal policies approved by 19 pilot municipalities.

Main difficulties:
Local authorities internal calendars;
Technical (legal) inertia;
Local authorities have little room to modify their fiscal policies.

Main strengthen:
political willingness.

Implementation of local fiscal policies to promote renewable energy sources

The most comprehensive fiscal policies.

Dolores, Pedreguer, Quart de Poblet and other Spanish pilots:

Mainstreaming the RES into most of the available local taxes: reduction for RES user taxpayers in vehicles municipal tax; economic activities municipal tax; constructions and refurbishment permit fee and tax; real estate tax; Tax on the Increase in Value of the Urban Land.

Implementation of local fiscal policies to promote renewable energy sources

The remarkable effort to define feasible fiscal policies.

Croatia, Greece and Albania:

Serious legal constraints to modify local taxes and fees overcome by the partners and strong political commitment:

reduction of fee for leasing municipal buildings, facilities and parkings which use RES; parking fees reduction; reduced street cleaning fee when recycling for biomass production.

Implementation of local fiscal policies to promote renewable energy sources

The most innovative fiscal policies.

Lakatamia and Nicosia municipalities – Cyprus:

Increasing some taxes and fees (Waste management, Accomodation tax, etc.) to create a municipal Green-mechanism fund to promote RES.

Synergies with sustainable mobility

Several municipalities:

Reduction of the tax on vehicles for electric/hybrid vehicles
(Dolores and Pedreguer – Spain).

Free or reduced parking fees for electric/hybrid vehicles
(Edessa, Thermi, Pilea-H – Greece; Lezhe – Albania; Faro, Olhão, Portimão – Portugal;).

Synergies with sustainable mobility

Kranj– Slovenia:

During the process of definition of the Green taxation, the LA switched the focus from RES to public transport.

Local taxes and fees allocated to improve public transport (increase of parking fees and tourist tax allocated to increase the bus frequency and decrease the bus tickets).

Synergies with sustainable mobility

Saint Lawrenz municipality – Malta:

Sustainable mobility + RES + fiscal policies.

Free (electric) bike sharing for residents using RES.

Conclusion

The LOCAL4GREEN has proven the feasibility and the suitability of the local green taxation to promote the RES and it focused on an unexplored niche of public policies that can be exploited also to promote other sustainable development sectors (sustainable mobility, energy efficiency, sustainable tourism, etc.).

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THANK YOU!

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