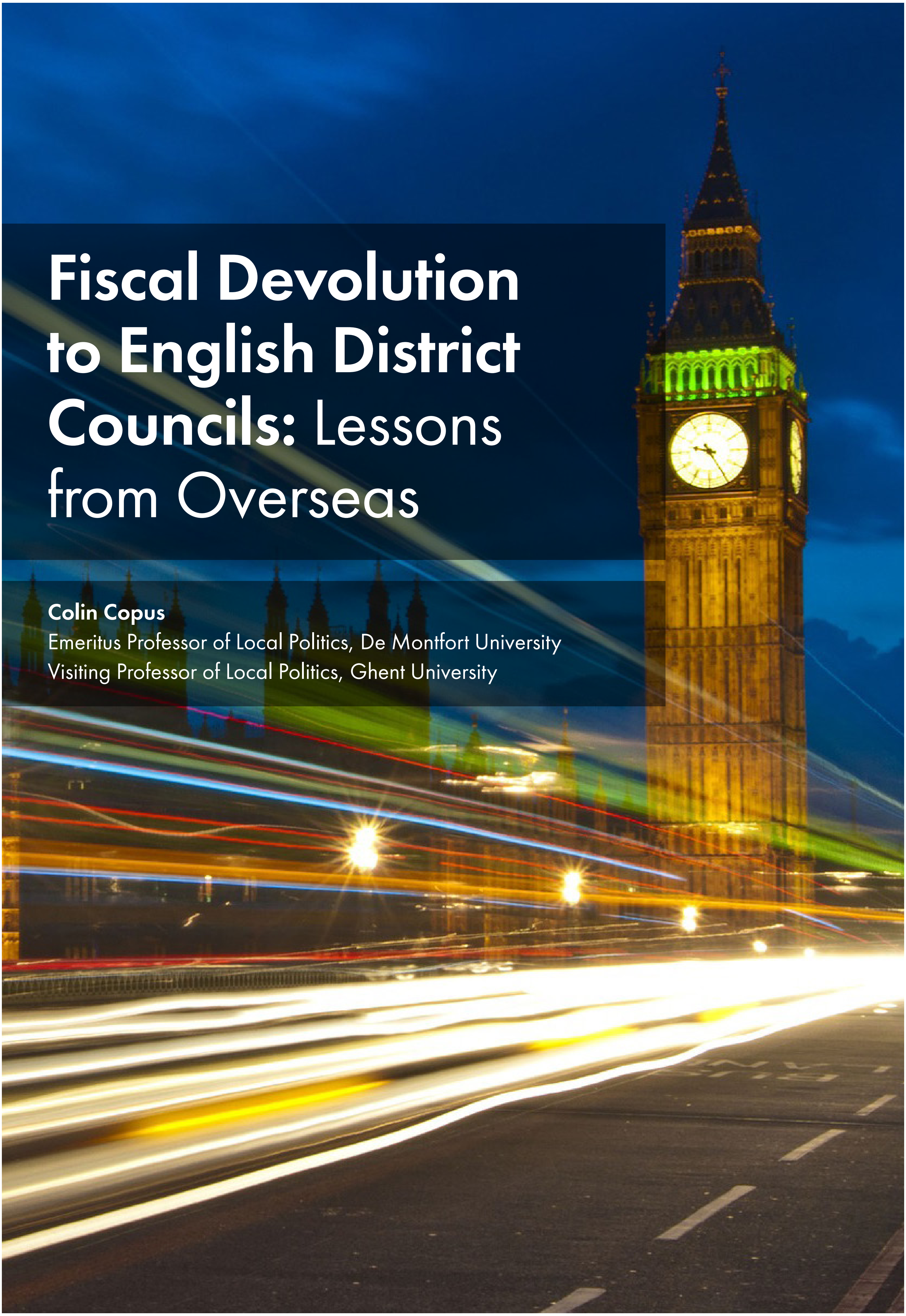

Fiscal Devolution to English District Councils: Lessons from Overseas

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SUMMARY

If devolution is to bring about a fundamental change in the relationship between the centre and local government and in the governance of England, devolution must embrace a radical change to the sources of finance available to local government and provide it with greater fiscal autonomy.

The covid pandemic has shown local government in its best light, and the role local government has played in maintaining the provision of vital public services and in effective strategic decision-making has had a major impact on responding to the crisis. Yet, local government has been restrained in its ability to respond by the centralised nature of our system, by lack of funds and for the want of freedoms and powers to be able to act without government approval or permission. There have been some imaginative and effective uses of the general power of competence by councils, and the feeling of freedom to act that the power provides has underpinned the actions of many of our councils. Finance, however, as always, is a major factor in local government's ability to respond to crisis as well as carry out its activities in more normal circumstances.

The ability of councils to raise local revenue and to make decisions about local expenditure without undue restrictions from the centre will ensure that the government's devolution policies enable English local government to compete with local government across the globe in economic growth and development.

The summary messages are set out below:

1. Greater fiscal autonomy will strengthen local government when faced with crisis, as existing finances will be more resilient and additional sources of finance will be available without the need to wait for the centre. Greater fiscal autonomy, for example, would have enabled local government to develop their own financial packages to support local businesses and their employees and to support communities with financial assistance. All of this would have supported the government's own initiatives and, given local government's closeness to its businesses and communities, councils are able to respond quickly with vital support.
2. English councils need the ability, commonplace in much overseas local government, to respond to local economic and financial pressures by having at their disposal a range of flexible and responsive fiscal tools to match local circumstances. Greater fiscal freedom provides local government with the ability to respond to a whole range of policy issues in a way which meets specific local needs and priorities (Loughlin et al, 2011, Copus, et al, 2017).
3. In exploring overseas local government taxation regimes we see that English local government has one of the narrowest set of local taxation powers – council tax and business rates - and one heavily restricted and controlled by the centre. The system of government inhabited by English councils is one of the most centralised, certainly across Europe, and if devolution is to fundamentally challenge that centralised system, then local fiscal autonomy and the development of a set of tax raising freedoms to match those available to local government elsewhere, is a necessity.

METHODOLOGY

The report reviews seven selected countries to provide examples of the taxation levied by local (or regional) government, which give a flavour for the basket of local taxes that could be available to English local government to strengthen local fiscal autonomy and expand local tax bases and buoyancy.

Section 1 sets out the seven countries selected for review and the rationale for that choice. It also sets out the questions asked about each system to learn how to develop local autonomy and create a greater basket of taxation powers for English local government. Section 2 explores the taxation powers available to local government in our selected countries, and Section 3 briefly introduces further powers available across 14 other international countries.

SECTION ONE

Setting the Scene

Seven countries were selected for review of the systems of local taxation to assess the lessons they provide for strengthening fiscal devolution to English district councils: Belgium, Canada, Germany, Italy, Japan, Spain and the United States.

These were selected to ensure a review of both European and non-European countries and local government in federal and non-federal states and for their different approaches to local government structures, powers and financing. The countries also display a wide range of alternative sources of local finance and approaches to fiscal devolution and differing local taxation powers so provide valuable lessons for fiscal devolution and financial autonomy for English district councils.

The following questions were used to focus exploration of local taxation powers:

1. What taxes are available to local government?
2. Do councils have the power to choose which taxes to raise or is the taxation regime set by regional (state) or central authorities?
3. Are revenues from locally or centrally levied taxes shared by local, regional and central governments?

If devolution is to mean anything effective for local government, it must provide maximum autonomy for each council to make its own taxation decisions. What our review will show is the type of taxation regime that could be available to local government – devolution means that it is then up to each council to adopt, or otherwise, the taxes that best suits its local needs and requirements, rather than to have a new system imposed across local government. As we will see, one size does not fit all when it comes to local taxation.

The next section reviews the local taxation regimes, and where appropriate, regional or provincial taxation, across our seven countries to examine what they tell us for fundamental reform of English local government taxation powers.

SECTION TWO

Reshaping Local Government Taxation Powers

Fiscal autonomy is a necessary building block for effective devolution and for local autonomy more generally. The European Charter of Local Self-Government (1985) states in article 9.3: 'Part at least of the financial resources of local authorities shall derive from local taxes and charges of which, within limits of statue, they have the power to determine the rate'. While that is a fairly muted endorsement of financial autonomy it is one which has to accommodate the governing structures of the charter's very different 47 signatory countries. But, it does provide a foundation from which to build on the UK government's current policies and approaches towards devolution to enhance the effectiveness and reach of those policies (see, Dollery, et al, 2008).

One of the stark features of local government finance overseas is the array of different taxation powers that rest with councils and the willingness of central and regional authorities to enable local government to adopt and operate flexible and imaginative taxation powers (OECD, 2016). Equally as striking is the ability of local government, for example in Belgium, to choose separately how many and what type of local taxes to levy and, importantly, how to spend the money raised.

While it is commonplace across local government for a sizable proportion of local tax revenue to come from one or two major taxes, sometimes up to 80% (OECD, 2016), that income is supplemented by a wide range of other taxes which individually may provide only a proportion of council income, but which collectively provide valuable resources and financial autonomy.

Federal and Unitary systems of government display a willingness to tolerate a range of local tax raising power, sometimes shared with other levels of government – normally a regional authority – or raised and used solely for local purposes. By providing a basket of taxes available to local government taxation becomes not only an income generating tool but also a policy tool with which to encourage or discourage certain activities.

Belgium

Belgium has 581 municipalities and a population of 11.5 million. It has ten provinces which operate as tiers of government below the three regions and the federal state. In municipalities of 100,000 locally elected sub-municipal councils can be created. It operates as a multi-tiered federal state with considerable diversity of structure.

One of the outstanding features of Belgium local taxation is that municipalities can create new local taxes and have large discretion over the tax rates and bases. Local government has a constitutionally protected right to tax its own inhabitants (Art: 170). That is, that new local taxes can be created at the discretion of a municipality and thus considerable diversity can exist in local taxes levied across Belgium.

Approximately 50% of all municipal income derives from local taxation (Bafoil and Lefèvre, 2008; Dessoy, Erauw and Lafontaine, 2014).

The main local taxes are the surtax (an additional tax on something already taxed) on the Personal Income Tax (PIT), on vehicle tax and property tax. In effect there is a form of local hypothecation of some national taxes that come to either the regions or the municipalities. The majority (80%) of local tax income derives from two major surtaxes: local income tax and local property tax. Local government can add a percent surtax on top of the standard rate set by the federal government for citizens of the local area. Municipal taxes are levied at rates varying from 0% to 9% of the personal income tax due with the average rate being 7%, but the actual rate is determined locally.

Regional and local government in Belgium can also draw on a range of other locally set taxes. Across Flanders for example 100 different varieties of local taxes exist (De Rynck and Wayenberg, 2010). The taxes typically used by Belgium regional and local government include, for example:

- Tourism (sometimes called city tax)
- Sewage tax
- Leisure tax
- Dog-tax (pet ownership)
- Luxury horses tax
- Passport issuing tax
- Revenue from sale of brown-field land for development
- The cleaning of septic tanks
- A stay in a mortuary (there is also a tax for transporting the corpse to a mortuary)
- A tax on private gentlemen clubs (also on rental of rooms – for the same purpose)
- False alarm notifications tax
- 'French' fry shop tax

(Not all municipalities levy all these taxes and they differ in rate and in total income generated. Some resemble more a local charge but are categorised as taxes).

The above examples are far from a comprehensive list of the taxes raised by Belgium local government but the important lesson to learn is that Belgium municipalities have a wide ranging set of taxation powers which they can choose to use or not, and have the power to devise, create and implement new taxes as they think fit.

Canada

Canada has over 3,800 municipal councils among its ten provinces and three territories (13 provincial areas) and for a population of 37.5 million it has three levels of governance: federal, provinces and territories and municipalities. Canadian government can have up to six tiers: federal, Provincial, Regional, county, municipal and special service districts. Canada has a high degree of diversity of municipal and sub-provincial government: the largest municipalities are normally called cities but there are also town, village, parish, rural municipalities, townships or hamlets, each of these has broadly the same functions.

Municipal tasks are set by provinces and vary considerably between and within Provinces and provinces can and do delegate some of their own responsibilities to municipalities. Municipal functions typically include:

- Transport (roads and transit)
- Public protection (police and fire)
- Water and sewerage, waste
- Recreation and culture
- Land use planning
- Social housing

Education, social and health service responsibilities may be shared with the province. Primary and secondary education operates through a series of separately elected schools boards which are directly responsible to provinces and territories.

As would be expected in such a diverse system of local government, different municipalities levy and rely on different types of tax, which often depends on the province within which the municipality is located.

The pattern for Canadian municipalities is that there is a single tax – the property tax – which accounts for 85% of local tax revenue and the property tax base is harmonised within all provinces by the province, but municipalities have discretion over the tax rates they set locally.

Other municipal taxes are:

- Land transfer tax
- Amusement taxes
- Hotel taxes / Tourist tax
- Poll tax
- Vehicle registration tax
- Municipal tax on restaurant meals
- Revenue sharing (income tax, fuel tax, VLT/casino revenues, fine revenues: shared with province)
- Provincial fuel tax sharing

Canadian municipalities were in the past able to levy a local income tax but that has been replaced by a shared system with income tax raised by the province. Canada has a tolerance of different taxation powers resting in different provinces so generalisation about the Canadian system becomes difficult. The lesson however, is that it is perfectly feasible for different councils to levy different taxes locally to suit their own and their voters own needs.

Germany

The German federal system has three tiers below the federal government: States (Lander), Counties and municipalities as well as 295 rural districts and 107 district free cities. The system and structure of local government varies from state to state. There are 402 county areas and 11,902 municipalities with an average population of 7,500 inhabitants.

The functions of German local government are defined by the Lander and vary considerably across Lander and include mandatory and optional functions.

- Mandatory district functions include: secondary roads, public transport, spatial planning, fire protection, nature and landscape, hospitals, education (secondary schools).
- Mandatory municipal functions include: local roads, town planning, housing, sewerage, waterways, education (primary schools), recreational areas and social and youth welfare.
- Optional functions include: cultural activities, economic development, tourism, local public transport, sports, leisure and cultural activities.

As well as the structure of local government varying across German States, so do local taxation powers and the sharing of tax revenue between the Lander and local government, as well as the existence of taxes raised solely by local government.

Shared taxes – between local government and the Lander - account for approximately 55% of local tax income and are: personal income tax, Value Added Tax and commercial income tax – levied locally at between 14-17%, depending on the municipality.

With the German example it is necessary to look at which taxes rest with the Lander and which rest with local government to find examples of the sorts of taxes that could be available to English local government. The collection of sub-national taxes that rest with either Lander or local government are as follows:

- Income tax
- Commercial Tax (Trade tax - is based on taxable income as calculated for corporate income tax)
- VAT
- Inheritance tax
- Vehicle tax

- Property purchase tax
- Lottery tax
- Alcohol tax
- Tourist tax

German Lander and local government therefore have a range of taxes available to them. The above examples are far from a comprehensive list taxes, but do provide examples of those taxes that could easily be transferred to English local government. Moreover, the shared nature of the German taxation system also suggests that shared taxation between central and local government could replace or mitigate a complex government grant system.

Italy

The population of Italy is just under 60.5 million. It has a tiered system of government which consists of: central government; 20 regions, 107 provinces and just over 8,000 municipalities, with the average municipality population being 7,500. Five of the 20 Italian regions are 'Special status Regions' which have greater control than other regions over local laws and funds spent.

The regional governments of Italy are responsible for: healthcare, transport, social services and housing, economic development, environmental protection, culture, agriculture and education.

Provincial responsibilities are in three main areas: planning and zoning, local police forces and fire service and transport regulation (car registration, maintenance of roads). A 2016 constitutional referendum, which among other things would have abolished the Provinces, was defeated.

Municipal responsibilities include: town planning, building and commercial permits, social housing, local police, local public transport and local roads, water and waste management, nursery and primary schools buildings, social services, local economic development, recreation and culture.

Italian local government taxation revenues are either levied by the municipality, or shared revenues between the municipality and the region. The most important taxes levied by regions are:

- Regional tax on productive output (form of business tax)
- Regional surtax on personal income (shared with the central government)
- Regional automobile tax

The five special status regions also share with central government personal income tax revenue, business tax income, stamp duty and excise duties. They keep more of their local taxes than the other 15 regions (60% instead of 20% – and The Sardinian Special Status Region keeps 100% of all taxes it raises). Regional government pays for more services than national government.

Taxation raised by the provinces includes:

- A vehicle insurance tax
- A vehicle registration tax
- Surtax on electricity consumption
- Share of the personal income tax

Municipalities receive a share (surtax) of the personal income tax but most of their taxes are raised locally and include:

- The Single Municipal Tax, consisting of three separate taxes: tax financing local services such as public lighting, roads; property tax; and, a waste tax (these were separate taxes which were merged in 2014)
- Municipal tax on building licenses
- Tourist tax

We see here a collection of taxes levied by regional, provincial and municipal government and of the sharing of tax revenues between tiers of government. Yet again there is a significant basket of taxation powers that rest with Italian sub-national government that could be available to English local government.

Japan

Japan is a unitary state which has 47 regional administrations (Prefectures). The prefectures consist of a metropolitan district (Tokyo); two urban prefectures and 43 rural prefectures and one 'district'. Japanese large cities have wards, towns, or precincts, or sub-prefectures and counties. There are some 1,718 municipalities across Japan and the average population of a Japanese council area is 72,700.

Japanese sub-national government is highly tiered, thus:

- 20 self-governing cities which are independent of the larger jurisdictions within which they are located (much like county and district councils as a parallel)
- 42 core cities, 40 special cities
- 688 other cities
- 745 self-governing towns outside the cities as well as precincts of urban wards
- 183 Villages

Each of these local government types has its own elected mayor and assembly; prefectural governors are also directly elected.

Villages are the smallest self-governing entities in rural areas. They often consist of a number of rural hamlets containing several thousand people connected to one another through the formally imposed framework of village administration. Villages have mayors and councils.

Japanese local government has a powerful law-making provision through the passing of local ordinances. Local ordinances are similar to national law and statue and are created by the local assembly (council) which may impose limited criminal penalties for violations of ordinances including up to 2 years in prison and, or up to 1 million yen in fines; about £7,500).

The primary tax for Japanese local government is the 'resident tax' which is a shared prefectural and municipal tax levied on individuals and businesses and which makes up around 40% of local tax revenue. The tax is a form of local income tax and is calculated on the basis of the previous year's earned income. The tax rate is 10% of income, regardless of the amount of income.

Prefectures raise the following taxes:

- An enterprise tax
- Local consumption tax
- Automobile tax

Japanese municipalities levy the following taxes:

- Property tax on land and buildings
- City planning tax
- Accommodation tax – a tourist tax levied on hotel stays

There is a system of sharing of taxation revenue between central government and prefectural and municipal government, such as:

- Local Allocation Tax based on revenues from the five major national taxes (personal income tax, commercial income tax, consumption tax, liquor tax and tobacco tax).
- Local Transfer Tax is made up of the local gasoline transfer tax and other national taxes redistributed to prefectures and municipalities.

Japanese local government is a powerful self-governing part of the overall government of Japan and the taxation system recognises that status. The Japanese system of local taxation is based on sharing of tax revenues between levels of government and a system of solely raised taxes which prefectures and municipalities can levy providing them with a degree of financial autonomy in excess of that experienced by English local government.

Spain

Spain has just over 8,000 municipalities and a population of just over 46.5 million. The majority (60%) of municipalities have fewer than 1,000 inhabitants, while 84% of municipalities have populations below 5,000. Despite the small size Spanish municipalities have been particularly effective in avoiding amalgamations (Velasco and Viver, 2012). The highest percentage of Spanish municipalities (33%) have populations in the 0-250 inhabitants range but that only accounts for 0.7% of the Spanish population. Only 0.8% of Spanish municipalities have populations above 100,000, but they account for just under 40% of the Spanish population.

Spain has moved to a more federal state over time but is not a full federal system, but regions rather than the centre have more influence over local government. Spain has 17 autonomous communities (regions) and two autonomous cities on the coast of North Africa. The Spanish central government has, since 1978, devolved and transferred power and responsibilities to the autonomous communities to meet specific regional circumstances. The Spanish constitution guarantees some autonomy to provinces and municipalities – provinces are sub-divisions of the regions and municipalities sit within provinces. Spanish municipalities have the same set of responsibilities and functions.

Spanish municipalities with populations above 5,000 inhabitants raise 51% of their spending from local taxes that they levy themselves along with local user fees. Municipalities below 5,000 population raise 48% of their funding from similar sources.

Spanish municipalities have the following taxation powers available to them:

- Property tax
- Vehicle tax
- Building activities and construction tax (tax on building, installations and works)
- Economic activity tax
- Local business tax
- Tax on the increased value of urban land
- Tourist tax

Municipalities are responsible for local public utilities (waste and water supply), public lighting, road maintenance and municipal police. Larger municipalities have additional responsibilities, including markets, public parks, social services, environmental protection, public transport, culture, sport facilities, emergency and fire-fighting services.

All Spanish municipalities can set the rates of the local taxes but a minimum and maximum level can be set by central government. But, we again see a wider range of taxation powers sitting with Spanish municipalities than with English local government.

The United States

The US has a particularly diverse system of local government, which varies from State to State. Across the US most States have two-tiers of local government: counties and municipalities; counties may also include townships; municipalities vary between cities, towns, boroughs and villages and the types and nature of these municipalities vary between states. Across the US there are also single-purpose special service districts which cover services such as hospitals or fire protection or separate school boards and these are the most decentralised forms of government in the US and are directly elected. They have substantial management and fiscal independence, and are legally independent from county, municipal, and township governments.

U.S local government is a creature of state government – therefore there are effectively 50 different local government systems across the US. There are around 87,500 local government units, of all types, across the US and the average municipal population is 9,000 inhabitants (US. Census Bureau, 2012).

Such a diverse system of local government, with multi and single purpose bodies lends itself to an equally diverse system of local taxation and taxation powers across and within the States.

US Property taxes, for example, are collected by either the state or local government but it is the State that sets the guidelines under which local government can impose property taxes. Each of the 50 states has its own criteria for what property is taxable by local government.

Some US states allow local communities to tax property which includes land and any items that are permanently attached to the land. Real property includes homes, factories, wharves, and privately owned flats (condominiums).

Depending on the state, local government can also tax personal moveable property, such as:

- Boats
- Cars
- Jewellery
- Airplanes
- Computer equipment
- Tools
- Furniture

The property tax - levied on both residential and business property - is based on market value and represents about 76% of local tax revenue. There are also a range of taxes on business moveable items similar to those for personal moveable items.

Both state and local government (city, county, municipal and special districts) can and do levy a sales taxes and in the US there are over 11,000 sales tax jurisdictions with varying rates applied. As with much of US local politics, public ballots are commonplace and recently successful local votes agreed to local sales tax increases in nine major cities.

States and municipalities can also levy a local income tax.

The most common US local taxes are:

- Property tax (levied in all 40 states)
- Sales tax (levied in 37 states)
- Local income tax (levied in 13 states)

Yet again we see a system that provides local government with a variety of tax powers to choose to implement, or not, depending on the State rules. Variety and diversity of local taxation powers is at the heart of the US system of local finance.

SECTION THREE

Further international evidence

To supplement the examples provided, table one below sets out for a further 14 countries, the types of taxation available to regional and municipal government. The table indicates where there are shared taxes between local government and another tier of government – the centre or a state or region, but which could very well rest locally.

The table presents an indicative rather than comprehensive list. Councils may have the power, depending on the country, to choose whether or not to use these taxation powers so they may not exist in every municipality in each country.

TABLE 1 EXAMPLES OF LOCAL TAXATION

Country	Type of Local Tax	Shared with another tier
Austria	Business tax Property tax Tourist tax	VAT receipts, wage tax, corporate tax and the petrol tax
Bulgaria	Property tax Tax on property transactions, Vehicle tax Inheritance tax Patent tax Tourism Tax	
Columbia	There are around twenty different municipal taxes the main being Industry and Commerce tax property tax Tourist tax	Receipts from the excise taxes Vehicle tax Vehicle registration tax Gasoline tax.
Denmark	Local personal income tax Land tax	
Estonia	Land tax Advertising tax Road tax	
France	Property tax (on buildings and land) Residence tax Business / real estate tax Business VAT Regional tax on tax on network Companies and a tax on property transactions	

Greece	Property tax Street cleaning tax Street lighting tax Beer tax Advertising tax Tourist tax	
Hungry	Local business tax Property taxes Building tax Land tax Tax on motor vehicle communal tax on households Tourist tax	
Netherlands	Property tax Tourist tax, Dog tax, Sewerage tax Levies on water pollution, Use of municipal land, etc. A surtax on the motor vehicle tax (provinces)	
Poland	Property tax on land and buildings, an Agriculture land tax Forest tax Transportation tax, Tax on vehicle registration Tourist tax	Personal income tax Commercial tax
Portugal	Property tax Tax on real estate transactions Municipal vehicle tax Tourist tax	Personal income tax Municipal surtax on the corporate profit tax
Russia	Regions enterprise property tax Excise taxes Municipal taxes include: Property tax Land tax	Regions and municipalities share personal income tax and commercial tax with the central state.

Slovenia	A property tax, A tax on inheritance and gifts, A tax on real estate trading, A local tourist tax, A tax on gambling,	Personal income tax shared with the centre
Turkey	Property tax on land and buildings, Electricity and gas consumption tax Environmental cleaning tax. Publication and advertising tax Entertainment tax Communication tax	

International approaches to tourism levies

It is commonplace, across the globe, for councils to levy a tourist or city tax and such taxes are set independently by local government, normally at a percentage rate per night of stay in a hotel or other accommodation, although fixed rates on top of a hotel bill are also used, again, normally per night (See, Hughes, 1981, Mohan et al 2007).

Rates of a tourist or accommodation tax can and do vary between municipalities within the same countries and some 125 countries use some sort of local tourist tax, which may be a stay in a hotel or a supplement to entertainment or museums, or eating out, all of which can be charged by the municipality just to tourists (although they may not be charged by all municipalities in each country).

The following is an example of where you might expect to pay a tourist tax to the local municipality:

- Austria
- Belgium
- Bulgaria
- Canada
- Croatia
- Czech Republic
- France
- Germany
- Greece
- Hungary
- Italy
- Netherlands
- Portugal
- Romania
- Slovenia
- Spain
- Switzerland
- The US

(Some countries charge an entrance fee – such as New Zealand and others, such as Japan and Mexico charge an exit fee (often collected at airports) – although these are not local taxes).

While tourist taxes will not be the mainstay tax of any council, they can and do provide local government with an additional source of vital income. Such taxes enable local government to invest in and replace services consumed by tourists without paying for them such as: water, transport, waste management, land management and public health. The ability to levy a tourist taxes could avoid the hidden costs of tourism falling directly and only on local residents.

Conclusions

This brief review of local taxation available to regional and local government in our selected countries shows that it is possible to create a basket of taxation powers for English local government based on taxes already existing overseas.
There is a clear pattern of international approaches to local taxation powers that has emerged from this review: the sharing of tax revenues through tiers of government, either between central government and regions, central government and municipalities or regions and municipalities; and the existence of a wide range of different taxation powers that rest with regions or municipalities which they levy within their own jurisdictions.

We have seen greater toleration of degrees of diversity of local government taxation powers within countries and between and within regions, than exists for English local government..

The overall patterns that emerge are as follows:

- There are normally one or two main taxes which provide the bulk of local tax revenue
- Property tax, a land tax, business tax or some form of local income tax are, but not always, the foundation of the local tax regime
- Income from the main taxation sources is supplemented by a range of other taxes, including but not limited to: tourist tax, vehicle tax, inheritance tax (not included in the list above by often a feature of local taxation), entertainment tax, fuel tax or sales tax
- The list of additional local taxes available to local government overseas is extensive and in Belgium unlimited as municipalities have the power to introduce any new taxes they feel fit – up to what local voters will tolerate.
- The sharing of tax income between local and central government or local and regional government, often from personal, property or business taxes, is a common feature of taxation regimes.
- Shared taxes between local government and other tiers of government will either allow municipalities to set the level they require locally, or there may be a per cent age range, set by a region or the centre, for the amount municipalities may levy as a surcharge on the tax.

The review has not addressed the way in which taxes should be administered; rather it has set out to provide a series of examples of the types of taxation powers resting with local and or regional government elsewhere. It has done this with the simple objective of presenting the wide range of taxation powers available to local government and to suggest that a basket of taxation powers should be available to all English councils to employ if they wish.

If the government's policy of devolution is to usher in a fundamental change in the relationship between the centre and the localities, then local fiscal autonomy must be a central feature of those polices. Local government autonomy not only rests on local government being free to set the rates of local taxes, but to choose the taxes they wish to employ.

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