

ACT No. 70 of 15 June 2001: Act concerning the Determination and Alteration of Local Government Boundaries

Local Government Boundaries Act

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Local Government Boundaries Act.

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Local Government Boundaries Act

Cf. *earlier* Act No. 3 of 21 December 1956, section 2 of Act No. 1 of 12 November 1954, temporary Act No. 9 of 21 June 1956 (supplementary Acts No. 6 of 16 December 1960 and No. 2 of 18 December 1964.

Chapter I. Purpose and applicability of the Act

§ 1. Purpose

The purpose of this Act is to provide an appropriate basis for such determination of municipal and county boundaries as may within the framework of the national community ensure functional local democracy and effective local government. Changes in local government areas should contribute to the creation of convenient units that may provide the inhabitants and commerce and industry with satisfactory services and government. Activity under this Act shall be based on the principle of local participation and the right of initiative in respect of boundary changes.

§ 2. Applicability

This Act applies to municipal areas and counties. The Act covers both alteration of boundaries and determination of boundaries.

§ 3. Definitions

Amalgamation means that two or more municipal areas or counties are amalgamated into a single new unit.

Separation means that a single municipal area or a single county is separated into two or more new units.

Boundary adjustment means that an area is separated from one municipal area and aggregated to another, or from one county to another. It is deemed to be the same where a whole municipal area is aggregated to another county.

In this Act the term boundary change is a common designation for amalgamation, separation and boundary adjustment.

Boundary determination means that a decision is made to lay down boundaries in the case of unclear, disputed or previously undetermined boundaries between municipal areas or counties.

Chapter II. Power of decision

§ 4. *Decisions relating to amalgamation*

The Storting passes resolutions on the amalgamation of counties. The King makes decisions on the amalgamation of municipal areas where the municipal areas in question have supported the proposal for amalgamation. If any such municipal area has gone against amalgamation, the matter shall be submitted to the Storting for decision.

§ 5. *Decisions relating to separation*

The Storting passes resolutions on the separation of a county into two or more new units. The King makes decisions on the separation of a municipal area where the municipal area in question has supported the proposal. If the municipal area has gone against separation, the matter shall be submitted to the Storting for decision.

§ 6. *Decisions relating to boundary adjustment*

The King makes decisions on the adjustment of boundaries between municipal areas and between counties. Where any boundary adjustment between counties affects a greater number of inhabitants than the number represented by each member returned to the Storting for the county, the matter shall be submitted to the Storting for decision.

§ 7. *Decisions relating to boundary determination*

The King makes decisions on the determination of boundaries in the case of unclear, disputed or previously undetermined boundaries between municipal areas or counties.

Chapter III. Initiatives. Preparation of matters

§ 8. *Right of initiative*

An application for the conduct of a review relating to boundary adjustment or boundary determination may be made by inhabitants of and landowners in those municipal authority areas to which the application applies, by business people who have their registered office there and by the municipal council or the county council in those local authority areas to which the application applies.

An application for the conduct of a review relating to amalgamation or separation may only be made by the municipal council or the county council themselves in those local authority areas to which the application applies.

The Ministry may on its own initiative review matters relating to boundary change or boundary determination.

Any application for the conduct of a review relating to boundary change or boundary determination shall be in writing and grounds shall be given, and it must contain proposals for new boundaries. The application shall be sent to the County Governor in the area to which the

matter relates. The County Governor shall as soon as possible inform the municipal authority areas or the county authority areas of the application.

§ 9. *Review of matters*

The Ministry decides whether a review shall be conducted on the basis of an initiative under section 8 above and, if so, lays down what is the necessary extent thereof. A decision under the first sentence of this paragraph is not an individual decision under subparagraph (b) of the first paragraph of section 2 of the Public Administration Act. For a decision not to conduct a review grounds should nevertheless be given in conformity with the provisions of section 25 of the Public Administration Act, and there is a right of appeal against such a decision in conformity with the provisions of Chapter VI of the Public Administration Act.

The Ministry may reject an application from applicants who do not have the right of initiative. Any such rejection shall be in writing and grounds shall be given.

Municipal, county and state administrative bodies shall provide any necessary information and to a reasonable degree contribute to the preparation of matters, at the request of the person conducting the review.

Before any decision is made with respect to any boundary change or boundary determination, those municipal or county authorities affected by the matter shall be given an opportunity to express their views. In matters relating to amalgamation or separation the municipal council or the county council must themselves express their views.

§ 10. *Consultation of the inhabitants*

The municipal council should seek the views of the inhabitants on proposals for any boundary change. Such consultation may take the form of a referendum, opinion poll, questionnaire, meeting or be conducted in another manner.

§ 11. *Expenses*

The Ministry decides whether the expenses connected with the review shall be borne by one or more of the interested municipal authorities or county authorities, or wholly or partly by the State. The municipal authorities or the county authorities shall be given an opportunity to express their views before the Ministry makes a final decision on the apportionment of costs.

Chapter IV. Direct effects of boundary change

§ 12. *Tax liability etc.*

Where with effect from the beginning of a calendar year amalgamation of two or more municipal areas has been carried out, all persons liable to pay tax in a district that previously constituted an independent municipal authority will, at the first tax assessment conducted after the amalgamation, be assessed for municipal tax according to the rates of taxation that were applicable for the determination of advance tax deductions for the income year in question. This does not however apply where the municipal council in the district in question passed a resolution before amalgamation that other rates of taxation shall be used for the assessment of tax, and such a resolution has been approved by the County Governor.

Before such amalgamation as mentioned in the first paragraph above is implemented, the municipal council in the new municipal authority shall pass a resolution on what rates of taxation shall be used for the calculation of advance payment of tax for the coming income year for all those liable to pay tax in advance in the new municipal authority area. This resolution must have been passed within the time limit laid down by the County Governor. Where the time limit has not been respected, the County Governor shall decide what rates shall be used.

Where an area is transferred from one municipal authority to another with effect from the beginning of a calendar year, all those liable to pay tax in that area are to be assessed for the payment of municipal tax to the municipal authority relinquishing the area, for the tax assessment applying to the income year before the transfer.

Any person who on 1 November is resident in an area which from 1 January in the following year is on account of boundary change aggregated to another municipal authority, is reckoned as resident in this municipal authority area with respect to tax liability for the income year commencing on the said 1 January, cf. the second paragraph of section 3-1 of the Taxes Act.

§ 13. *Local regulations, bylaws and planning resolutions*

In the case of amalgamation and separation of municipal areas or counties, local regulations and bylaws continue to apply to the area in question until they are amended. The Ministry sets a specific time limit for when the local framework of rules must have been reviewed with a view to necessary amendment.

In the case of boundary change, regulations and bylaws in the enlarged municipal area shall immediately apply to the transferred area.

A boundary change does not affect municipal and county area plans that have been produced under the provisions of the Planning and Building Act. For other planning resolutions the Ministry may issue further rules as to the effect of the boundary change, including time limits for the revision of the planning resolutions.

§ 14. *Charges payable to the State*

In connection with any disposition that is a direct consequence of boundary change under the present Act there shall not be payable any document duty under section 6 of Act No. 59 of 12 December 1975 (Document Duty Act), nor shall there be payable any judicial registration fee under section 21 of Act No. 86 (Court Fees Act), nor shall there be payable any re-registration fee under section 1 of Act No. 2 of 19 June 1959 (Taxes on Motor Vehicles and Boats Act).

§ 15. *Financial compensation in the case of amalgamation*

Where municipal areas or counties are amalgamated, the State provides partial compensation for non-recurring costs that are directly connected with the process of amalgamation. For a transitional period the State also provides compensation for the cessation of block grants.

§ 16. *Joint discharge of local government functions*

Municipal and county authorities engaged in the joint discharge of local government functions in pursuance of section 27 of the Local Government Act or in pursuance of the Local Authority Partnerships Act or under special local government legislation, may no later

than one year from the implementation of a boundary change terminate their participation on the giving of six months' notice. Within the same time limit each of the parties may also demand that the Articles relating to their co-operation or the partnership agreement be reconsidered. The provisions of section 27 of the Local Government Act as to withdrawal from the joint discharge of local government functions and the provisions of section 30 of the Local Authority Partnerships Act as to withdrawal from local authority partnerships otherwise apply correspondingly in such cases.

§ 17. Powers for the King to issue further rules for implementing decisions and to make exceptions from current statutes and regulations

The King may issue further rules to ensure the implementation of decisions relating to boundary change pursuant to this Act.

Where it is deemed necessary in order to implement decisions relating to boundary change, the King may furthermore make exceptions from current statutory and regulatory provisions. Any exception from statute law must be linked to the following matters:

- a) rules concerning statutory bodies in the State, county authority or municipal authority
- b) rules concerning statutory time limits, rules of procedure etc.
- c) rules concerning matters relating to and conditions for employees of the State, county authority or municipal authority
- d) rules concerning time limits and conditions for the collection of tax levied on real property.

Chapter V. Financial settlement in the case of boundary adjustment and separation of municipal authority areas and counties

§ 18. Agreement on financial settlement

In the case of boundary adjustment and separation of municipal authority areas and counties a financial settlement between the municipal authorities and the county authorities shall be carried out, unless they find this unnecessary. The municipal authorities may ask the County Governor for help in the negotiation of an agreement on the financial settlement.

Where the parties are not able to reach agreement on the financial settlement, arbitration proceedings shall be conducted. In such arbitration proceedings the provisions of sections 19 to 22 below shall be taken as the basis.

§ 19. Boundary adjustments

Where an area is separated from one municipal area or a county and aggregated to another municipal area or county, the right that the first municipal authority or county authority has to roads, streets, bridges, public places and other administrative property that fully or to a very great degree serve the area in question, shall be transferred to the other municipal authority or county authority.

Any other property may be distributed between the municipal authorities or the county authorities, or be ordered to be used jointly, where this is reasonable and appropriate in terms of local government considerations. The Arbitration Board, cf. section 23 below, decides in

what proportions the distribution or co-operation shall be conducted, and may lay down further conditions.

The Arbitration Board may decide that any liabilities a municipal authority or a county authority has incurred in connection with the purchase of or expenditure on such property as mentioned in the first and second paragraphs above, shall be taken over wholly or partly by the municipal authority or the county authority to which the property is transferred. As the case may be, it may be laid down that the municipal authority or the county authority in question shall pay a sum of money for the property.

Unless a separate decision is taken, any rights and obligations that have not been distributed pursuant to the first three paragraphs of this section shall remain with the original municipal authority or county authority.

§ 20. Separation

Where a municipal area or a county is separated into two or more municipal areas or counties, or where a municipal area or a county is separated and the individual parts aggregated to other municipal areas or counties, the first paragraph of section 19 above shall apply correspondingly to any administrative property that fully or to a very great degree serves a particular area.

Any other property and obligations are to be distributed among the municipal authorities or county authorities to which the areas are aggregated. The distribution is conducted on the basis of a ratio that is reckoned out according to the tax revenue in each of the areas over the last five years, unless the Arbitration Board has special grounds for deciding otherwise. As far as possible, the settlement shall be carried out in the following manner:

1. Real property is to be aggregated to the municipal authority or county authority that must be deemed to be most entitled to it on the basis of the size of its population and the needs of the inhabitants and the location of the property – also in relation to other buildings, plant and installations.
2. Liabilities are to be distributed in proportion to the saleable value of items that are taken over.
3. Any sums owing and obligations are to be taken over by the municipal authority or the county authority which in the circumstances is deemed to be the most appropriate to take them over.
4. Buildings, plant and installations with rights and obligations which after the separation it is not reasonable that any single municipal authority or county authority should take over, may be ordered to be used jointly by two or more of the municipal authorities or county authorities.

Where in the distribution of rights and obligations any municipal authority or county authority has taken over more or less than that which follows from the ratio, this shall be equalised in money.

§ 21. Compensation

Where a municipal authority or a county authority as a result of the settlement carried out in conformity with the provisions of section 19 or 20 above is significantly weakened financially, another municipal authority or county authority, where this is deemed reasonable, may be ordered to pay compensation by way of a capital sum or of a terminable annuity.

§ 22. Guarantees

Any municipal authority or county authority guarantee for liabilities or obligations attaching to real property or a business shall in the case of boundary adjustment and separation be taken over by the municipal authority area or county authority area in which the property or business lies after the boundary change.

In the case of separation of municipal authority areas or county authority areas guarantees for liabilities or obligations that are not attached to real property or a business shall be distributed among the new municipal authorities or county authorities according to the ratio for the financial settlement as a whole.

§ 23. Arbitration Board and Arbitration Review Board

Any municipal authority or county authority that is affected by boundary change in pursuance of this Act may no later than one year after the implementation of the decision demand that the financial settlement – or parts thereof – shall be decided by arbitration, provided that the parties have first sought to reach agreement on a financial settlement.

To perform such arbitration the Ministry appoints an arbitration board with three members with alternates. The board's term of office shall be four years.

Each of the parties may no later than two months after they have received the decision of the Arbitration Board take the matter to an arbitration review board for final decision. The Ministry appoints the Arbitration Review Board, which shall have three members with alternates. The Board's term of office shall be four years.

The presidents of the boards and their alternates shall have such qualities as are prescribed for judges, cf. section 53 and the second paragraph of section 54 of the Courts Act. The provisions of Chapter 6 of the Courts Act as to disqualification apply correspondingly to members of the Arbitration Board and the Arbitration Review Board. The Ministry decides matters relating to disqualification for presidents of the boards and their alternates. Otherwise such matters are decided by the relevant president of the board.

§ 24. Procedure and the payment of costs in the case of arbitration

The party who brings a matter before the Arbitration Board for decision shall give an account of his claim and the matters of fact on which the claim is based. The Board shall seek the views of the opposite party and may also order each of the parties to furnish further information. The Board should at the earliest possible moment summon the parties to a meeting at which the main features of the matter are examined and any necessary decisions are taken concerning the handling of the matter.

The Arbitration Board and the Arbitration Review Board determine the question of payment of costs, including the distribution of expenses between the parties where this seems reasonable. The Ministry covers remuneration and other expenses relating to the members of the boards. The Ministry issues further provisions as to remuneration and payment of expenses.

Chapter VI. Implementation of decisions concerning amalgamation

§ 25. *Joint meeting of the municipal council or county council*

Where a decision has been made to amalgamate two or more municipal authority areas, the County Governor shall at the earliest possible moment summon the municipal councils in question to a joint meeting. In the case of the amalgamation of counties or of municipal authority areas that lie in different counties, the Ministry summons the county councils or municipal councils. At such joint meetings the following matters shall be discussed:

- a) proposals for the name of the new municipal authority area or county
- b) the number of members of the new municipal council or county council
- c) criteria for the composition and functions of a joint board pursuant to section 26 of this Act
- d) the election of an audit unit for the activity of the joint board
- e) the establishment of any other joint bodies to ensure the implementation of the amalgamation.

§ 26. *Joint Board*

In respect of an amalgamation of municipal authority or county authority areas there shall be established a joint board to co-ordinate and deal with the preparation of the amalgamation. The board shall be so composed that it reflects the number of inhabitants in the individual municipal authority or county authority areas. There shall nevertheless be no fewer than five members of the board from each municipal or county authority. The joint board is elected by and from among the members of the municipal or county council. The board itself elects the president and vice-president of the board. The provisions of the Local Government Act concerning elections and procedure in popularly elected bodies otherwise apply correspondingly.

In pursuance of section 25 of the Local Government Act municipal or county authorities may also establish a joint committee composed of representatives of the parties to deal with matters concerning the relationship between the new unit as employer and the employees.

The joint board shall deal with the preparatory work on the budget for the first year of operations after the amalgamation has been initiated. In its period of office the board shall report to the Ministry on the annual budgets for the municipal or county authorities the matter concerns.

Other tasks and powers for the board are laid down in a set of rules that must be adopted by all the municipal or county councils. Each of the municipal or county authorities may request the Ministry to make decisions in such matters where it is not possible to reach agreement.

The board may be empowered to appoint staff in the new unit. This also applies to the power of the municipal/county council to appoint the chief executive and auditor.

The joint board may authorise a working committee to pass resolutions in individual cases or in cases that do not involve matters of principle.

The provisions of the Local Government Act relating to the right to attend and speak at meetings for the chairman of the council, the chairman of the municipal or county executive board, the chief executive and staff apply correspondingly to the board. The

provisions of section 59 of the Local Government Act relating to the review of legality apply correspondingly to decisions made by the board.

The joint board's period of office expires when the new municipal council or county council has been constituted under the provisions of section 27 below.

§ 27. *Constitution of new municipal council or county council*

Where elections to the municipal council or county council have been conducted in the course of the month of September in the year before an amalgamation is implemented, the newly elected municipal council or county council shall be summoned to a constitutive meeting by the end of the month of October. The president of the joint board summons and presides over the meeting until a new chairman of the council has been elected. Otherwise the provisions of subsections 1 to 3 of section 17 of the Local Government Act relating to the constitutive meeting etc. of municipal and county councils apply.

The term of office for the municipal and county councils in the municipal and county authority areas that are to be amalgamated lasts until the time at which the amalgamation is implemented. Their responsibility and powers are nevertheless limited to what is necessary to terminate the activity of the existing units.

§ 28. *Review of legality*

The Ministry reviews the legality of budget resolutions in municipal and county authority areas when an analysis with a view to amalgamation has been initiated.

Chapter VII. Commencement. Transitional provisions, repeal of other Acts

§ 29. *Commencement etc.*

This Act comes into force from such date as the King determines.

From the same date is hereby repealed Act No. 3 of 21 December 1956 concerning alterations to local government boundaries.

§ 30. *Transitional provisions*

Where a financial settlement is being conducted between local authorities under the provisions of Act No. 3 of 21 December 1956, the settlement shall be completed under Chapter II of the said Act unless the parties agree to take the provisions of the present Act as a basis. Any matters that are under consideration by the Arbitration Board or the Arbitration Review Board are to be completed in conformity with the provisions of the said Act.