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12

no. 1

LOCAL GOVERNMENT IN THE URBAN DISTRICT AND THE RURAL DISTRICT MUNICIPALITIES

of November 12th, 1954, with amendments,
latest of June 30th, 1967.

Chapter 1.

Scope of the act and organization of local government in the municipality.

Section 1. This Act applies to rural district municipalities and urban district municipalities, and deals with municipal affairs not governed by provisions of special acts.

Section 2. The whole area of a rural or urban district municipality shall come under the jurisdiction of one county.

Changes in the names of rural or urban district municipalities shall be decided by the King if a majority of the municipal council concerned has voted for the change. Otherwise, the change must be decided by the Storting.

Section 3. In each rural and urban district municipality there shall be a municipal council, a board of aldermen, a mayor, and — if deemed necessary — a municipal administrator.

Section 4. The municipal council shall be elected for a period of 4 years, by the inhabitants of the rural or urban district who are qualified to vote, in accordance with provisions of existing laws. The municipal council shall be composed of an odd number of members, determined as follows:

In municipalities

	with up to	3 000 inhabitants,	minimum 13,	maximum 21
Over	3 000 up to	5 000	»	» 17, » 29
»	5 000 up to	7 500	»	» 23, » 37
»	7 500 up to	10 000	»	» 29, » 45
»	10 000 up to	15 000	»	» 35, » 53
»	15 000 up to	25 000	»	» 41, » 61
»	25 000 up to	50 000	»	» 47, » 69
»	50 000 up to	100 000	»	» 53, » 77
»	100 000		»	» 59, » 85

The municipal council shall decide the number of members within the limits provided in the preceding paragraph. A decision of the municipal council to alter the number of members shall be effective from the next municipal election and remain in force until a new decision to alter the number of members becomes effective.

Under special circumstances, the number of members of the municipal council may be fixed at a smaller or larger number than permitted under the second paragraph. A decision to this effect must be made by at least a two-thirds majority of the entire municipal council membership, and the decision must be approved by the ministry unless the decision aims at altering a previously established number of members so that the number becomes more in accordance with the rules in the second paragraph.

In establishing the number of members of the municipal council under the second paragraph, the basis shall be the number of inhabitants in the municipality according to the last general or municipal census before the municipal election.

Section 5. If a member of the municipal council loses his right to vote within the municipality or if he becomes county governor or the office manager of the county administration, municipal administrator, office manager (cf. section 39), municipal secretary, or auditor of the municipality or of a municipal establishment, he shall withdraw permanently from the municipal council.

If a person is unable to perform his duties as a member of the municipal council owing to illness or for any other acknowledged reason, and he requests to be released, the municipal council may relieve him of his office for a certain period or for the remainder of the election period.

Section 6. The number of members to sit as municipal aldermen shall be determined by dividing the total number of

members of the municipal council by four. However, if the number arrived at is an even number, it shall be augmented by one.

Persons required to submit accounts to the municipality cannot be elected aldermen.

Any person who at the end of an election year has served as alderman for the preceding 4 years, shall have the right to refuse reelection as alderman. A person requesting to be so exempted must submit his request to the mayor not later than at the meeting at which the aldermen are to be elected.

Any alderman who comes in the position mentioned in the second paragraph shall retire permanently from the board of aldermen.

Section 7. Aldermen and deputy aldermen shall be elected for a period of 4 years by and from among the members of the municipal council before they take up their duties. The meeting shall be called by the acting mayor after suitable notification. A meeting shall constitute a quorum when at least two-thirds of the members are present.

The election shall be based on the system of proportional representation if any member so requests. In that event the following provisions of the Act governing municipal elections shall apply accordingly: section 13, subsection 1, items b and c; the provision of item d that any one person may not stand as proposer of more than one list of candidates; item e; section 29, subsection 2, subsection 3, first paragraph, and subsection 4; section 33, fourth paragraph; and sections 34 and 35. However, the limitation in the right of accumulation provided in section 13, subsection 1, item c, first sentence, of the Act governing municipal elections, shall not apply to the setting up of the list of candidates. If a candidate's name appears on several lists, he shall choose the list on which he will stand.

If no request for proportional representation is submitted, the aldermen and the deputy aldermen shall be elected on the majority principle. The provisions of the Act governing municipal elections section 38, subsections 2 and 3, shall then apply accordingly.

Section 8. The municipal council shall elect a mayor and a deputy mayor from among the aldermen. The election shall take place at the meeting provided in section 7, and shall have effect for the first two years of the municipal council's term of service. At the expiry of the second year, a new election of mayor

and deputy mayor shall take place for the two last years of the term of service.

Any person who has served as mayor for two years, may refuse reelection for the following years. If he wishes to be exempted he must submit a request to this effect at the latest in the meeting at which the mayor is to be elected.

If at the first vote for the election of mayor or deputy mayor, no candidate obtains a majority of the votes cast, a second vote shall be taken. With this vote the candidate who obtains most ballots shall be regarded as elected (simple majority). If more than one candidate obtains the same number of votes, the election shall be decided by lot.

If the mayor retires from office, temporarily or permanently, during the period for which he has been elected, the deputy mayor shall take his place as mayor, and the municipal council shall elect a new deputy mayor, temporarily or permanently.

Section 9. If the number of deputy aldermen or of a group of deputy aldermen becomes insufficient, the municipal council may, in accordance with the majority principle, elect one or more regular or temporary deputy aldermen, such election to be made from among all council members or from within the group concerned, as the case may be.

Chapter 2.

Procedures governing the activities of the municipal council and of the board of aldermen.

Section 10. The municipal council and the board of aldermen shall make their decisions in session under the chairmanship of the mayor or deputy mayor, or — if both are prevented from attending — under a chairman to be elected ad hoc by simple majority vote from among the members present. If more than one candidate obtains same number of votes, the election shall be determined by lot.

Section 11. The mayor shall summon the municipal council and the board of aldermen whenever he deems a meeting necessary, or when the board of aldermen so decides, or when the county governor so requests.

The summons convening a meeting of the municipal council shall contain a schedule of the matters to be considered and shall be published with a suitable period of notice. At the same time, the original documents, or copies of them, shall be made available for inspection at a place mentioned in the summons, and shall

remain there as long as possible until the time the meeting is held.

Section 12. The municipal council or the board of aldermen cannot make a valid decision unless at least on half of the members are present.

Section 13. Meetings of the municipal council shall be open to the public. However, the municipal council may decide that a particular case shall be considered in closed session. Any deliberations on this point of procedure shall take place in camera, if the presiding chairman so requires, or if the municipal council so decides.

Section 14. Cases which have not been mentioned in the summons may be decided at a meeting of the municipal council, unless the chairman or one fourth of the members present object to a decision being made.

Apart from matters included in the summons, any member of the municipal council may put questions to the mayor. However, notice of such questions should be given before the meeting. A proposal submitted in connection with such a question cannot be decided at the meeting, if the mayor or one fourth of the members present, object.

Section 15. If a subject coming up for decision may result in personal advantage, loss or responsibility to any member of the municipal council or board of aldermen, the member concerned shall withdraw as being disqualified in the deliberation of such matter. The same shall apply if the decision may result in such personal advantage, loss, or responsibility to the spouse of a member, or to a person related to a member in lineal ascent or descent, or laterally as closely as brother or sister, or to a person equally closely related by marriage.

Even if a member is not regarded as disqualified according to the provisions of the first paragraph of this section, he shall nevertheless withdraw as disqualified during the consideration of matters concerning the making or termination of a wage tariff agreement, the establishment or repeal of a wage scale, a general revision of a tariff agreement or a wage scale, or in matters concerning the transfer of all or some of a group of employees from one wage or salary class to another, if that member himself or his spouse comes under the wage scale in question. Similarly, a member shall withdraw when questions of wages are considered applying to the branch of administration in which the member concerned or his spouse is engaged in work. In matters dealing with the consideration and adoption of municipal

accounts the accountant concerned shall withdraw from the proceedings.

In matters dealing with appointment to a paid position, or recommendation for such appointment, all persons shall withdraw who are either applicants themselves or who are related to an applicant as closely as stated in the first paragraph of this section.

Dissenters shall withdraw from consideration of matters having to do with the state church.

When the question arises as to whether a member should withdraw as disqualified, the assembly shall decide the point without the member concerned taking part in the decision.

Even if a member cannot be regarded as disqualified under the above provisions, he may at his own request be exempted by the assembly from participating in dealing with a matter when he states in advance that — for personal reasons — he is of the opinion that it would not be right for him to take part in the consideration of the matter at issue.

Section 16. A decision of the municipal council or of the board of aldermen is valid only if it has been reached through a majority of the votes cast, unless otherwise prescribed by law.

If the votes are equally divided, the vote of the mayor (chairman) shall decide the issue, except when it concerns elections or the appointing of an official. Except in the election of aldermen or deputy aldermen under sections 7 and 9, of mayor or deputy mayor under section 8, of chairman under section 10, and of arbiter under the last paragraph of this section, the following rules shall apply to elections based on the majority principle and to the appointing of officials:

If, at the first voting, no person obtains a majority of the votes cast, a second vote shall be taken. At this vote, the person having obtained the largest number of votes shall be regarded as elected or appointed. Before a new vote is taken, it may be decided that votes shall be cast for only two or more of the persons having obtained the largest number of votes at the first voting. If the election or appointment has still not been decided, because more than one person has obtained the same number of votes, the decision shall be made by lot.

Elections under the provisions of sections 26, 28 and 30 shall be based on the principle of proportional representation, if any member so requests. In that case, the provisions of section 7, second paragraph, shall apply accordingly. Elections held under provisions of other acts shall be based on the principle of pro-

portional representation if any member so requests, unless this principle is inapplicable or unsuitable owing to the provisions of the act in question. Whether or not this is the case, shall be determined by the ministry concerned.

If a decision of the municipal council does not obtain a two-thirds majority at the final vote, and the issue does not concern a rejection or postponement, the collecting of information, making declarations or statements, expositions, elections, appointment of officials, or the rules of procedure of the municipal council, the matter shall be reconsidered by the municipal council at a later meeting. If, again, the two-thirds majority required for a positive decision does not result, the matter shall be submitted to the King for decision in accordance with section 61, if a minority — at the meeting — so requests by majority vote among themselves. If the votes are equally divided at this voting within the minority, the vote of the mayor (chairman) shall decide the issue provided that he belongs to the minority. Otherwise the minority shall appoint an arbiter before voting takes place, and his ballot shall decide a tied vote. The arbiter shall be elected by a simple majority. If more than one candidate has obtained the same number of votes, the election shall be decided by lot. If the minority does not require the decision to be submitted to the King, or if the decision obtains a two-thirds majority, it shall be considered valid provided the conditions for validity are otherwise fulfilled.

Section 17. When members of the municipal council or members of the board of aldermen die, withdraw or are prevented from attending for some length of time, the deputies shall take their places in the same order in which they have been elected.

When deputies are summoned to a meeting or to consider a specific matter, this numerical order shall likewise be observed as far as possible.

If the municipal council or the board of aldermen has been composed according to the principle of proportional representation, it shall be supplemented with deputies from the group which, owing to retirement or absence, is not fully represented.

Section 18. Minutes of the proceedings shall be kept at each meeting of the municipal council and of the board of aldermen. The minutes shall be read at the closing of the meeting unless provisions are made to the contrary. The chairman and at least two other members shall sign the minutes of the proceedings at each meeting.

The record containing the minutes of proceedings shall be approved by the county governor.

Further provisions concerning the activities of the municipal council and the board of aldermen shall be stipulated in specific regulations. The regulations must be such in form and content as to satisfy the county governor.

The ministry concerned may issue orders concerning the safeguarding, organization, and supervision of the municipal archives. The ministry may require a municipality, within a certain prescribed time, to fit out a room where the archives can be safely kept. Furthermore, the ministry may prescribe that old records no longer in use shall be sent to a state archive if they are not safely stored.

Chapter 3.

The competence of the municipal council and of the board of aldermen.

Section 19. The municipal council has the power to appropriate money and to impose taxes, and shall, together with the board of aldermen, attend to the affairs of the municipality — all within the limits prescribed by existing laws.

The municipal council shall, moreover, perform other public duties imposed on it by law, it shall provide such information and make such statements of opinion as required by the ministry or the county governor.

The municipal council acts in other respects on behalf of the municipality in all matters where the decision does not pertain to some other authority under law or provision of the municipal council (cf. Chapter 4).

Section 20. Within the time limited stipulated by virtue of section 139 of the Tax (Rural Districts) Act and section 130 of the Tax (Towns) Act, subsection 2 of both, the municipal council shall make a decision in the form of budget estimates, cf. Chapter 7, concerning the revenues and expenditures of the municipality during the next budget year. The board of aldermen shall decide the date within which the budget estimates of the various administrative branches, and of the municipal administrator or the office manager (cf. section 39) if any, shall be submitted.

The board of aldermen shall consider the budget estimates and prepare a budget proposal for the municipal council. The mayor shall, after giving prescribed notice, exhibit the proposal at one or more places determined by the board of aldermen. It

shall be so exhibited for public inspection—at least 8 days before being considered by the municipal council.

Section 21. The board of aldermen shall supervise the administration of the municipality. They shall accordingly:

1. control that the accounts of the municipality are in good order, that the accounts and statements and reports of operations are delivered at the proper time, and that the accounts are submitted without delay to the auditor unless daily auditing of the cash vouchers is accomplished.
2. submit the accounts to the municipal council with their recommendation, unless the municipal council has appointed a special committee to deal with the preparation of matters involving disagreement between accountants and auditors, and control that the items which have not been approved are rectified without delay.
3. supervise or arrange for supervision of the execution of the decisions of the municipal council and the board of aldermen, except when such supervision has been entrusted to a government official (civil servant) or to a statutory board, and that the activities and functions of the municipality are performed in a manner satisfactory to the municipality.

The municipal council shall determine the duties of the board of aldermen in regard to the latter's exposition and recommendation in matters to be considered by the municipal council.

The board of aldermen shall, moreover, perform the public duties imposed on them by law, procure such information and make such statements of opinion as required by the ministry or the county governor.

If the decision in a matter pertains to the board of aldermen, the board may, nevertheless, demand that the matter be decided by the municipal council.

Section 22. The board of aldermen may decide matters which should normally be decided by the municipal council, when there is not enough time to submit the matter to the municipal council without danger of neglecting legitimate interests. Notice of the decision shall be submitted to the municipal council as soon as possible.

Section 23. The municipal council or the board of aldermen may not make decisions involving special benefits to political organizations or promoting particular political purposes.

Notwithstanding this provision, however, aid may be granted to political youth organizations for studies and informative activities and also for other social, cultural and practical activities.

Chapter 4.

Delegation of the municipal council's authority and duties.

Select committees, boards, councils and other committees.

Section 24. The municipal council may, on particular occasions or in the form of by-laws, delegate to the board of aldermen its powers to make decisions in matters which the municipal council is authorized to deal with under this act, provided the following matters are not involved as mentioned in subsections 1 to 11:

1. Matters regarding the acquisition, alienation, exchange or mortgaging of real estate, or regarding the surrender or encumbrance of any rights in real estate excepting easements and usufructs (cf. subsection 3). This provision shall apply only to properties or rights worth more than 25 000 kroner.

If the municipal council has decided to acquire, alienate or lease out an estate or a right in an estate, it may delegate to the board of aldermen or other authority, powers to accept or determine the price.

The municipal council may, moreover, delegate to the board of aldermen or other authority, powers to acquire, alienate, or lease out real estate or rights in real estate in so far as this is necessary in order to implement or carry out a decision made by the municipal council.

2. Matters regarding new projects or a considerable extension of earlier projects.
3. Matters regarding concessions and the conclusion of contracts of supply, usufructs or easements, either committing the municipality for a period longer than 5 years, or of major economic importance to the municipality. This provision shall not apply, however, to contracts for the leasing out of real estate worth not more than 25 000 kroner.
4. Matters regarding the raising of loans. However, the municipal council may delegate to the board of aldermen powers to make an agreement on or approve the detailed conditions concerning a loan which the municipal council has decided to raise.
5. Matters regarding the issue of guarantees for economic obligations. However, the municipal council may delegate to the

board of aldermen powers to issue guarantees for economic liabilities within the limits and on the general conditions laid down by the municipal council.

6. Matters regarding the appointment of a municipal treasurer, the establishment of an audit of accounts, the appointment of an auditor (auditors), the appointment of committees to deal with accounting matters and items of disagreement between accountants and auditors, the reception of accounts and reports on operations, and the settlement of any disagreement between accountants and auditors.
7. Matters regarding the appointment of a municipal administrator or office manager (cf. section 39).
8. Matters regarding the delegation of authority and duties under the provisions of sections 25, 28, 29 and 44.
9. Matters regarding the setting up of standard sales tariffs or prices of water, gas, electric power, and other services provided by municipal institutions, concerns or works operating as monopolies.
10. Matters regarding the consideration of budgets under section 20. However, the municipal council may delegate to the board of aldermen the authority to use the amount appropriated in the budget for incidental expenditures, and to transfer amounts from this appropriation to other budget items in order to strengthen the latter.
11. Matters regarding the decision whether powers to authorize payments shall be exercised by others than the mayor, or by others than the municipal administrator in municipalities having a municipal administrator, and the delegation of such powers.

Section 25. The municipal council may appoint standing committees for municipal purposes, or for spheres of municipal activity which have not by law been placed under a special board.

The municipal council shall determine, by general regulations, the sphere of action of such committees. The sphere of action may be extended to include functions which under this act may be assigned to the board of aldermen; however, the authority to appoint the head of an administration cannot be delegated to a committee.

Section 26. The municipal council shall determine the number of members of each standing committee. Unless otherwise decided by the municipal council, the board of aldermen shall decide who is to be chairman and deputy chairman.

A member of the board of aldermen cannot be elected to sit on committees as mentioned in section 24, subsection 6.

Section 27. The chairman shall summon the committee whenever he finds it necessary, or when the committee so decides. The members present make decisions by a majority vote. If the votes are equally divided, the vote of the chairman shall decide the issue. In elections, the provisions of section 16, third and fourth paragraphs, shall apply — the election being based on the principle of proportional representation if any member so requires. In matters of appointment, the provisions of section 16, third paragraph, shall apply.

A record shall be kept of the committee proceedings, and an extract shall be submitted to the municipal council as decided by the council itself.

Section 28. The municipal council may set up a management consisting of a board, or of a board and council, for the operating of a municipal concern.

In the case of concerns which are not expected to require continuous contributions from the municipal treasury to cover their operating expenses, except for interest, the municipal council may delegate to the board — or to the board and council — such authority as may be delegated to the board of aldermen; the board or council may also be granted powers to make decisions in the matters referred to in section 24, subsections 3 and 10, and in section 44.

If the management consists of a board and council, the municipal council shall determine how the board and council shall be composed, and shall issue general regulations concerning their functions and the relationship between them. If the management consists of a board only, the municipal council shall determine how it shall be composed.

The municipal council shall elect the members in so far as it has not delegated this function to other authorities. If the management consists of a board and council, the council shall elect the members of the board who are to be appointed by election, in so far as the municipal council has not done so itself or has delegated the function to others. The municipal council shall determine the remuneration, if any, to the members.

The managing director (the head of the concern) cannot be a voting member of the board or council. A cashier or auditor of the concern cannot be a member of its board or council.

Each calendar quarter, the management shall make a report

to the board of aldermen. The accounting year shall be the same as that for municipal budgets.

Section 29. Two or more municipalities may set up a joint board for the realization of a municipal project. The municipalities concerned may delegate to the joint board such authority as they may decide, unless otherwise provided by law.

The provisions of section 28 regarding cashier and auditor shall apply accordingly.

Section 30. The municipal council and the board of aldermen may appoint committees for the preparation of matters to be considered and for the performance of special functions.

Section 31. No person may be a member of a select committee, board, council or other committee if he has been sentenced to lose his voting rights in public affairs.

The provisions of section 15 shall also apply to select committees, councils, boards, and other committees regarding matters which they have authority to decide.

Chapter 5.

The functions of the mayor. Municipal officials.

Section 32. The mayor is the legal representative of the municipality. He signs on behalf of the municipality in all instances where such authority has not been delegated to others.

Section 33. As chairman conducting the meetings of the municipal council and of the board of aldermen, the mayor shall enforce the rules of procedure and the provisions in law concerning the requirements for a valid decision. He shall make sure that the matters under consideration have been properly prepared, and he shall superintend the recordings of proceedings.

He may take part in the deliberations of all select committees, boards and councils or other committees, but he has no vote unless he has been elected member.

Section 34. The mayor shall make sure that the books and documents of the municipal council and of the board of aldermen are properly kept and ordered.

It is his responsibility to see that extracts of decisions made according to section 60 are sent without unnecessary delay to the county governor, and that the information required is submitted at the same time. He shall, moreover, make sure that information on decisions as well as communications from public authorities are

transmitted, without unnecessary delay, to the proper person or body.

Section 35. In so far as the power to authorize payments has not been delegated to others, the mayor has such power provided the municipality has no municipal administrator (cf. section 37). Such power must not be delegated to the auditor or treasurer or their subordinates.

The mayor shall keep the treasurer and the auditor informed at all times as to which persons have power to authorize payments, and how such powers are to be exercised.

Section 36. In municipalities with at least 10 000 inhabitants, one or more municipal administrators shall be appointed, unless otherwise decided by the municipal council. The position of municipal administrator may be established in other, municipalities where circumstances make it desirable. If the number of inhabitants decreases to less than 10 000, the position of municipal administrator shall, nevertheless, be maintained until the municipal council decides to abolish it, though at the latest until the position becomes vacant.

Public notice of vacancy shall be given before the municipal administrator is appointed. The municipal treasurer or the auditor of the municipality in question cannot be temporarily appointed municipal administrator during the absence of this official.

The municipal council shall determine the salary and other conditions of appointment of the municipal administrator, and shall guarantee him and, as the case may be, his widow and children under 18 years of age, a pension.

If there is more than one municipal administrator, the municipal council shall determine their respective spheres of activity. If a municipal administrator is dismissed from his position, he may submit the decision to the ministry concerned, which may approve or reject the decision.

Section 37. The municipal administrator shall be responsible for the immediate supervision of the entire administration of the municipality, and particularly of its financial and accounting arrangements; he shall submit proposals for the budget of the municipality, and state his opinion of the financial aspects of the matters at hand. If more than one municipal administrator has been appointed, one of them shall exercise supervision, submit budgetary proposals and statements as mentioned above, while the other municipal administrator or administrators shall be charged with the immediate supervision of the branches of administration for which

they are responsible. The municipal council shall issue regulations in this respect, and as to whether the municipal administrator concerned shall deal also with other municipal matters.

The municipal administrator has the power to authorize payments. If the municipal council has granted such power to others, this power shall always be exercised under the supervision of the municipal administrator.

Section 38. The municipal administrator shall attend the meetings of the municipal council and of the board of aldermen. He shall be allowed to attend the proceedings of the select committees, other committees, boards and councils, but he shall have no vote unless elected member.

Section 39. In municipalities without any municipal administrator, an office manager may be engaged as head of the municipal administration. The provisions of section 37, first paragraph, first sentence, and of section 38, shall likewise apply to him. The municipal council shall determine the office manager's salary and terms of employment.

Section 40. The mayor shall have clerical assistance if required. A municipal secretary (secretary to the board of aldermen) may be appointed to assist him, other work may also be assigned to the secretary. The municipal council shall determine the secretary's salary and terms of employment.

Section 41. Each municipality shall engage a municipal treasurer. The appointment shall be subject to approval by the county governor. The same applies to the salary and terms of employment of the treasurer, including the organization of the municipal administration in so far as it has a bearing on the position of the municipal treasurer. The decision of the county governor may be brought before the ministry by the municipal council.

The municipal treasurer may only be dismissed with the consent of the county governor. The decision of the county governor may be brought before the ministry by the municipal council or the municipal treasurer.

The county governor may request the municipal council to suspend or dismiss the municipal treasurer. The decision of the municipal council may be brought before the ministry by the county governor, or by the municipal treasurer if the decision is to dismiss him.

The ministry may either approve or reject the decisions brought before it.

The ministry shall issue regulations for the municipal treasurer.

Section 42. Every municipality shall appoint a qualified auditor to audit the municipal accounts. A special auditor may be appointed for a municipal concern. More than one auditor may be appointed with the consent of the county governor. The provisions of section 41 shall apply accordingly.

The auditor (auditors) shall have assistants when required.

Section 43. If considered necessary to ensure satisfactory auditing, the county governor may decide that two or more municipalities shall have a joint auditor. The decision of the county governor may be brought before the ministry by the municipal council of any of the municipalities affected by the decision.

An auditing district comprising several municipalities, shall have a joint board for the management of the audit, consisting of as many representatives of each municipality as the county governor prescribes. Each municipal council shall elect its representatives from among its members and with the same term of office as their own membership on the council. Members of the board of aldermen as well as persons having to submit accounts to the municipality, shall be excluded from election. The joint board shall elect its own chairman.

The joint board shall determine the salary and terms of employment of the audit personnel, appoint and dismiss the auditor and his assistants, and apportion the expenditures involved among the municipalities included in the scheme. The board shall decide where the auditor is to have his office. A decision concerning the apportioning of expenditures and the place of the office, may be brought before the county governor for final decision, by a minority of the joint board.

The joint board makes its decisions by a majority vote. If the votes are equal, the vote of the chairman shall be decisive. The provisions of the third paragraph of section 16 shall apply to the election of chairman and to appointments.

The provisions of section 41 shall apply accordingly to matters of appointments, suspension and dismissal of auditor, the determination of salary and terms of employment of the audit personnel, and the general instructions for the auditor, — the joint board always taking the place of the municipal council.

The ministry or the person or body authorized by the ministry may issue further regulations for the implementing of this scheme.

Section 44. The municipal council may, moreover, establish such positions as are found necessary at any time for the

management of municipal affairs and activities, and it may abolish positions.

Chapter 6.

Special provisions concerning members of the municipal council, and the board of aldermen, etc.

Section 45. All members of the municipal council except the mayor, are obliged during their tenure of office to accept election to select committees, councils and other committees appointed under sections 25, 28 and 30. However, any person may refuse to be a member of more than two standing committees at the same time.

The mayor and the members of the board of aldermen shall be exempt, during their tenure of office, from all other public offices except those imposed on them by law or provisions approved by the municipal council or board of aldermen.

Section 46. If any member or deputy fails, without good reason, to appear in time for a meeting which has been convened with sufficient notice under this act, or if he leaves a meeting without good reason, the assembly concerned may require him to pay a fine of 10 kroner, which shall accrue to the municipal treasury.

Section 47. Any member present at a meeting of the municipal council, board of aldermen, a select committee, board or council or other committee, when a matter is put to the vote, shall be obliged to cast his vote.

A blank vote in matters regarding election shall be regarded as a vote cast.

Section 48. The municipal council may resolve that municipal officers shall be paid travel and board allowance by the municipal treasury when travelling in the service of the municipality.

Section 49. The municipal council may resolve that municipal officers shall receive payment by the municipal treasury for their work. However, members of the municipal council cannot be granted any payment for their work in the municipal council, except that the mayor may be granted payment for his work as mayor. Nor can statutory members of municipal agencies be granted payment.

Moreover, the municipal council may resolve that municipal officers shall be paid compensation by the municipal treasury for such loss of ordinary earned income as results from their office,

and for costs of engaging a deputy when this is necessary for performing the functions of their office. In such case, the daily compensation cannot exceed an amount which is stipulated by the municipal council, and which must not exceed an amount stipulated by the King.

The municipal council may resolve that compensation will be payable in a larger amount than provided pursuant to the foregoing paragraph, if evidence of the claim for compensation is produced. In the case of such higher compensation, the municipal council shall stipulate a maximum amount per day.

If a claim for compensation is refused, the board of aldermen will decide the matter with final effect.

Municipal officers cannot receive payment from the municipal treasury in any form or under any rule other than those stipulated in the present section and in the last preceding section.

Chapter 7.

The financial administration of municipalities.

Section 50. The budget of the municipality, which is a schedule of estimated municipal expenditures and revenues during the budget year, and the imposition of taxes under the tax laws, shall be dealt with by the municipal authorities in the manner and within the periods stipulated in section 20.

The budget shall correspond to the expenditures and revenues actually anticipated, and is binding on the municipal administration during the budget year. The individual items of expenditure must not be exceeded unless a supplementary appropriation has been made in advance.

The budget must be complete. It shall comprise all the expenditures and revenues of the municipality during the budget year. If the municipal council or, as the case may be, the board and council (cf. section 28, second paragraph), has adopted a special budget for a revenue-earning concern, it is permissible to include only the budgetary surplus or deficit in the ordinary municipal budget.

If the last annual accounts have shown a deficit, it shall be included in the budget for the provision of funds. However, under quite exceptional circumstances, the ministry or an authority so empowered by the ministry may consent to having this provision of funds spread over a number of years. If the last annual accounts have shown a surplus, it shall be included as a revenue

item in the budget. It must be used for investment purposes — including appropriation to capital reserves, increase of the cash balance (working balance), extraordinary appropriations to the tax remission fund, repayment of debts, and depreciation of assets — or to balance an uncovered deficit from previous or the current budget year.

In order to make up for increased expenditures or diminishing revenues during the coming years, the municipality shall set up a tax equalization fund by appropriations over the budget. This fund shall as far as possible at any time, correspond to at least one fifth of the municipality's total fiscal revenues during the last budget year. If the fund amounts to less than one tenth of the said fiscal revenues, it may not be used for expenditures unless the ministry or a person or body so authorized by, the ministry, gives its consent. This rule shall apply likewise when use of the fund would reduce it to an amount as mentioned in the preceding sentence.

In addition to the expenditures for the year in question the budget may include the provision of money for:

1. capital fund and funds for special purposes, even if no payments are presumed to be required for such purposes during the budget year,
2. funds for increasing the cash balance (working balance and a tax remission fund).

Appropriations to capital fund should take place in order that the municipality can as far as possible cover its own capital requirements without having to raise loans. Funds may also be set aside for specific purposes when it is clear that the municipality is about to enter upon undertakings for which loans cannot or should not be raised, and which will require such heavy expenditures, that one cannot expect them to be covered under the budget of a single year. The amounts set aside for the tax equalization fund and to the funds mentioned in the first and second sentence, must — not later than at the closing of the accounts for the year concerned — be deposited with a bank or invested in accordance with prevailing legislation governing the disposition of funds belonging to those judged legally incompetent, although when investing in real estate it shall always be permissible to give loans up to 6/10 of the value of the mortgaged estate. The provision in the preceding sentence applies only in so far as the municipal council is not obliged to revert

the setting aside of such funds, owing to a deficit in the accounts. Funds definitely set aside under the rules in the third sentence, cannot subsequently be appropriated by the municipal council for other purposes — either temporarily or permanently — without the consent of the King or an authority so empowered by him. Amounts spent by drawing on the capital fund, should so far as possible be paid back to this fund.

In connection with the current budget of the municipality, a decision shall also be made — in the form of a budget — concerning expenditures to be covered by means of borrowed funds or other capital revenues, such as accumulated funds, revenues from the sale of real estate or securities. Such revenues must not be used to provide for the ordinary current expenditures of the budget; however, this shall not apply to the transfer of money from the tax equalization fund.

Supplementary appropriations and appropriations for purposes outside the scope of the approved budget must not be made in the course of the budget period unless this is found necessary. Such appropriations are to be considered by the municipal authorities according to the same form of procedure as that of the budget itself (cf., however, section 24, subsection 10), and it shall be stated that the appropriation refers to an overspending of the approved budget. However, the provisions in section 20 concerning time limits and the publicising of the proposal shall not apply. Supplementary appropriations (except for lump items) and appropriations for purposes outside the scope of the budget must not be made, without deciding at the same time how the expenditures involved shall be balanced on the budget of the year concerned; however, under special circumstances, the ministry or an authority so empowered by the ministry may grant exemptions from this rule.

The ministry may lay down rules for the disposition of the budget, for supplementary appropriations, for appropriations for purposes not included in the approved budget, and for the accumulation and use of special funds.

Section 51. A municipality may raise loans:

1. for profitable purposes, when it may be assumed that the project in question will itself be able to pay interest and amortization on the loan, and the loan is not so large as to be out of proportion to the financial capacity of the municipality,
2. for other purposes if they are of lasting value or have been entirely unforeseen, and when the project and the loan must

be regarded as necessary, provided the project cannot be postponed until the municipality is able to procure some or all of the money required by the accumulation of special funds,

3. for temporary current requirements, when the loan is to be repaid and balanced under the current budget,
4. for the conversion of existing debts,
5. for the crediting of a loan fund.

In connection with the raising of a loan, it must also be decided how the loan is to be repaid. The amortization of such loans should as a rule be realized by regular annual instalments and not in the form of annuities.

The period of amortization of the loans mentioned under subsection 1 must not be longer than justified by the nature and the duration of the project concerned, and under no circumstances exceed 40 years. The period of amortization of the loans mentioned under subsection 2 must be as short as possible, in the case of periodic expenditures, not longer than until a similar expenditure is expected to recur, and under no circumstances exceed 20 years. The amortization period of loans for the conversion of existing debts (subsection 4) must be in accordance with the nature of the debt and comply with the above provisions. However, this shall not apply to the conversion of loans which have been approved and in respect of which the terms of amortization have been determined before January 1st, 1939.

The period of amortization of loans raised for the crediting of a loan fund must not be longer than 40 years. If it is decided to draw money from the loan fund, it must at the same time be decided how the money is to be repaid to this fund. The same provisions shall apply to the use and repayment of such amounts as prescribed above for the use and repayments of loans.

If the King or an authority so empowered by him has approved a decision concerning the raising of a loan and or the stipulation of amortization terms under this section, no objections can be made against the raising of the loan or the stipulation of the amortization terms as being contrary to the provisions in this section.

Section 52. A municipality may issue a guarantee in respect of financial obligations:

1. when a special municipal interest is involved,
2. when a statute or decision of the Storting presupposes granting of a municipal guarantee.

As a general rule, the municipality may only issue guarantees with regard to financial obligations for which security in real estate has been furnished by others than the municipality.

It must be decided how long the guarantee is to be valid. The period must not be longer than strictly necessary, and under no circumstances longer than 40 years, unless otherwise provided by law or by a decision of the Storting, (cf. subsection 2 of the first paragraph of this section).

If the King or an authority so empowered by him has approved a decision concerning the issue of a guarantee according to this section, no objection can be made against the guarantee as being contrary to the provisions of this section.

Section 53. A municipality cannot make a valid mortgage of its property.

However, revenue-earning real estate, ships, automobiles or plants acquired by the municipality, may be mortgaged as security for the purchase price or for a loan used in payment of the purchase price.

Similarly, revenue-earning real estate, ships or plants may be mortgaged as security for loans applied to the further utilization, expansion or improvement thereof, or for procuring furniture, fittings and fixtures for the real estate, ships or plants. The same shall apply to the mortgaging of ships in connection with the expansion of a shipping concern or other activity.

Furhermore, a school building may be mortgaged as security for a loan from the estate or from a public fund for the payment of the purchase price, or for such purposes in connection with the school building as mentioned in the first sentence of the third paragraph.

If a municipality acquires bonds or other debentures issued by itself, it may furnish them as security for loans used in payment of the purchase price.

Property which a municipality has mortgaged or furnished as security, may be mortgaged or furnished as security for loans used to redeem the debt so secured.

When a municipality obtains a loan from the Norwegian Municipalities Bank (Norges Kommunalbank) against a mortgage or other security under the provisions in this section, such security may also apply to that part of the loan which is required to cover the municipality's contribution to the risk fund of the bank as well as to the guarantee fund.

When a municipality raises a loan, it may grant the lender security in its claims for contributions, grants, or refunds connected

with the project for which the loan is to be used. When the municipality assumes a guarantee, it may grant security in its claims for recourse in connection with the guarantee, and in a mortgage or other security which has been furnished for the claim for recourse. The provisions of section 1 of the Mortgage Act of October 12th, 1857, shall not apply to security furnished under this paragraph.

In order to be valid, a mortgage or security furnished under this section must be approved by the ministry or by an authority so empowered by the ministry. If it has been approved by the ministry or by an authority empowered by the ministry, no objection may be raised against it as being contrary to the provisions of this section, nor on the grounds that the authority concerned has exceeded its powers in granting the approval.

Section 54. The property of a municipality cannot be made the object of seizure or arrest. However, this shall not apply when it is desired to obtain distress or other security in a revenue-earning real estate, ship or plant in satisfaction of a claim for the purchase price, or of a claim in consideration of work or goods, provided the claim has arisen in connection with the extension or improvement or the further utilization of the real estate, ship or plant concerned.

Section 55. A claim against a municipality cannot be set off against the municipality's claim for taxes and dues. This rule shall apply also to the municipality's claims with respect to charges for electric power, gas, water, cleaning, or similar services. However — a set-off is permissible when the claim concerned is a claim for pension or a claim in consideration of work or other services performed by the claimant in the budget period to which the claim for taxes or dues is due for payment, or if it is a claim for repayment of tax.

Nor may a bank set off its claim on the municipality against the deposit of the municipality with the bank.

The claims of a municipality for taxes or dues cannot be assigned.

A municipality may, with the approval of the ministry, assign such dues as are mentioned in the first paragraph, if the claim for dues arises from a contract.

Section 56. Bankruptcy proceedings may not be instituted against a municipality under the Bankruptcy and Bankrupt Estates Act of June 6th, 1863, with subsequent amendments. Nor may the Public Composition Act of May 6th, 1899, with subsequent amendments, be applied to municipalities.

Section 57. When a municipality, owing to other than purely temporary difficulties, is unable to pay its debts when they fall due, the mayor shall notify the ministry. If this is not done, the county governor shall make such notification. The ministry shall then publish the notification in the Norwegian Gazette (Norsk lysningsblad).

If such notification has been made, the municipality shall — until its finances are reestablished — give preference to the satisfying of the following claims:

1. the claim of a taxpayer for the refund of taxes paid by him and claims from other municipalities for amounts paid by taxpayers in settlement of taxes,
2. salaries, wages, pensions, and other remuneration to municipal officials and workers, contributions incumbent on the municipality for pay to other salaried employees, and the claims stated in section 1 of the Act of May 31st, 1912, concerning preferential satisfaction of certain claims,
3. a) county taxes which have fallen or are falling due,
b) statutory contributions and refunds to the government and other municipalities, and claims from hospitals and others for the care of persons in receipt of assistance according to the Social Care Act, in so far as such claims have accrued or are accruing
during the last 12 months before the notification of suspension of payments was received by the ministry, or during the years following the notification,
4. expenditures accruing after the said notification has been received by the ministry, and expenditures accrued during the 3 months preceding said notification, for purposes imposed by law on the municipality, or the promotion of which is permitted to be maintained owing to particular circumstances.

The claims mentioned in subsections 1 to 4 shall have the same priority. Claims for interest and costs of legal proceeding shall have priority equal to that of the principal claim.

Claims secured by mortgage shall be satisfied as far as the mortgage is deemed sufficient. The provisions of section 101 of the Bankruptcy Act shall apply accordingly.

Other claims fallen due shall be paid pro rata to the extent permitted by the funds available in the municipal treasury.

Section 58. The accounting system of the municipality shall be such as to provide, at all times, a complete survey of the manner in which the municipal funds have been administered,

and of whether the administration is in accordance with the budget appropriations.

The ministry shall issue further regulations concerning the system of accounting and auditing.

Chapter 8.

State supervision of municipal administration.

Section 59. A decision of the municipal council or other municipal authority is not valid until the King, or — in matters coming under the following subsections 1 to 6 — the authority so empowered by the King, has approved the decision, if it involves:

1. The raising of loans, or the issuing of guarantees for loans or other financial obligations. If the decision concerns the raising or the guaranteeing of a loan, the King or the authority empowered by him, may — as a condition for approval — determine the manner and period of amortization of the loan (cf. section 51) or the duration of the guarantee (cf. section 52).
2. The use of money from the loan fund or the use of borrowed money for purposes other than those stipulated at the time of approval. The King or the authority so empowered by him may determine how the loan is to be repaid, in the same manner as under subsection 1.
3. The purchase of real estate or the initiating of any project which will require the use of such borrowed funds as mentioned under subsection 1 or 2.
4. The assuming of other obligations which may involve the municipality in expenditures for a period exceeding the next 5 years.
5. The alienation or lease for more than 40 years of real estate worth more than 25 000 kroner, or the delegation of powers to the board of aldermen or other authority to parcel out and sell or lease real estate.
6. The use of funds for purposes other than those they were appropriated for, cf. section 50.
7. The delegation of authority and duties under section 29.
8. A resolution not to appoint a municipal administrator (section 36, first paragraph, first sentence), the establishment of the position of municipal administrator (section 36, first paragraph, second sentence), or the determining of his salary, pension and working instructions.

If the King has empowered an authority to approve such decisions as mentioned in subsections 1 to 6 above, no objection may be raised against a decision which has been approved under such powers, on the grounds that the authority concerned has exceeded its powers in giving its approval.

Section 60. Extracts of the municipal council's decisions shall be submitted to the county governor together with the necessary original documents or their copies. The same rule applies to decisions by the board of aldermen or other municipal authority when the decision, under the provisions of this act, requires approval or consent from the King or other authority.

The county governor shall declare a decision invalid:

1. if a decision is involved which the authority concerned is not empowered to make,
2. when the decision has been made in contravention of an act or of a provision issued in pursuance of an act.

When such an event occurs, the county governor shall immediately inform the mayor concerned. The board of aldermen may then, within a period of 6 weeks, appeal to the King against the decision or bring the decision before the courts if feasible.

Until the decision of the county governor has been reversed by the King, or by final court judgment, the municipal authorities may not take any steps to implement the decision or to put it into effect.

Section 61. If an issue has not obtained a two-thirds majority upon renewed consideration in the municipal council under the provisions of section 16, last paragraph, and the minority has required that the issue be submitted to the King, he may confirm or reject the decision.

Chapter 9.

Various provisions.

Section 62. For loans which the municipal council has decided to raise, interest bearing debentures payable to bearer may be issued. The debentures must not have smaller denominations than 100 kroner, or a corresponding sum in foreign currency, and they shall state in which manner and during the course of which period the loan is to be repaid.

Section 63. When a payment is made by a rural or urban district municipality, to a county municipality or a rural or urban district municipality, the auditor of the latter is to be notified.

Section 64. A public official shall at the request of the county governor, the mayor or the municipal administrator gratuitously furnish such information as may be necessary to deal with the municipal affairs, and which he is able to furnish by virtue of his position.

Section 65. The provisions of sections 51—57 of this Act shall apply accordingly to companies and other associations of which municipalities are the only participants, when the participants are responsible for the debts of the company or association.

Section 66. This Act shall come into force on July 1st, 1955. From this same date the Act concerning local government in rural districts and the Act concerning local government in urban districts, both of June 10th, 1938, shall be repealed.

If the present number of members of a municipal council lies within the limits fixed in section 4, second paragraph, this number shall remain unchanged — though it shall, if an even number, from January 1st, 1956, be augmented by 1 — until the municipal council makes a decision to alter it, either because the number of inhabitants has changed so that the number of members is no longer in accordance with the said provision, or for other reasons.

The division of the sphere of activity between the municipal council, board of aldermen, and committees, boards and councils, etc. existing in each particular municipality at the time this Act enters into force, shall continue to have effect until otherwise decided by the municipal council.

In municipalities where the position of municipal administrator has been established before this Act enters into force, but in which such a position shall not automatically exist under the provision in section 36 first paragraph, the position of municipal administrator shall, nevertheless, be maintained until the municipal council decides to abolish it, or at the latest when the position becomes vacant.

Rural district secretaries, office managers or auditors in municipal concerns, who are members of the municipal council at the time this Act enters into force, may in spite of the provisions of section 5, first paragraph, retain their membership in the municipal council for the remainder of the election period.