

UNOFFICIAL TRANSLATION

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**Act relating to municipalities and county authorities (the Local Government Act).**

Cf. Act No. 11 of 17 July 1925 relating to Svalbard. – Cf. Act No. 87 of 26 June 1992. Cf. previous Acts of 14 January 1837 (with supplementary Acts of 11 February 1860, 14 June 1879, 27 July 1896, 11 April 1900, 29 May 1901, 9 June 1903, 17 May 1904, 12 June 1906, 7 June 1910), Nos. 2 and 3 of 30 September 1921 (with supplementary Acts No. 2 of 12 May 1922, No. 1 of 2 June 1922, Nos. 7 and 8 of 10 July 1925, No. 10 of 22 June 1928, No. 5 of 26 June 1929, Nos. 1 and 2 of 24 June 1932, Nos. 2 and 3 of 24 March 1933, No. 4 of 24 June 1933 and Nos. 7 and 8 of 7 June 1935), Nos. 5 and 6 of 10 June 1938 (with supplementary Acts Nos. 8 and 9 of 28 June 1946, Nos. 4 and 5 of 4 July 1947, No. 1 of 18 June 1948, Nos. 3 and 4 of 18 March 1949, Nos. 7 and 8 of 30 June 1949, Sections 15 and 16 of No. 8 of 15 December 1950 and Nos. 5 and 6 of 19 December 1952), No. 1 of 12 November 1954 (municipalities), No. 1 of 16 June 1961 (county authorities), No. 85 of 21 June 1985 (pilot scheme for new form of administration) and No. 16 of 2 May 1986 (expanded pilot scheme activity).

**Chapter 1. The purpose and scope of the Act. Planning in municipalities and county authorities**

**Section 1. *The purpose of the Act***

The objective of this Act is to facilitate functional representative government in municipalities and county authorities, as well as rational and efficient management of the municipalities' and county authorities' common interests within the framework of the national community and with a view to sustainable development. The Act shall also facilitate management that inspires confidence and is founded on a high ethical standard.

Amended by Act No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009).

**Section 2. *The Scope of the Act***

This Act applies to the activity of municipalities and county authorities, including municipal and county authority activity in pursuance of other Acts.

**Section 3. *Structure and names of municipalities and county authorities. Towns***

1. Each municipality belongs to one county. Each county except Oslo forms a county authority.
2. Any change in the structure of municipalities and county authorities is to be decided pursuant to statutory provisions.
3. Any change of name of a municipality is to be decided by the King.

Before the question of the name is decided, a statement or statements shall be obtained from the municipality or municipalities concerned.

4. The county authority shall have the same name as the county.
5. Any municipality with a population exceeding 5000 may use the designation "town" provided that the municipality has an area of dense population characteristic of a town, with trade and service functions and a concentration of buildings.

The Ministry may depart from the provision in the first sentence where weighty grounds so indicate.

Amended by Act No. 8 of 10 January 1997 (entry into force 1 March 1997).

#### **Section 4. *Information concerning the activities of municipalities and county authorities***

All municipalities and county authorities shall promote the active provision of information concerning their activity. The best possible provisions shall be made for public access to information in municipal and county authority management.

#### **Section 5. *Planning in municipalities and county authorities***

1. The municipality shall produce a coordinated plan for municipal activity. The county authority shall produce a regional planning strategy and can produce a regional plan. The regional plan shall coordinate the activity of the state, county authority and municipalities in the county.
2. Municipal and county authority planning shall be based upon a realistic assessment of the anticipated development in the municipality or county authority area, and of the financial resources that will be available as indicated in the finance plan.
3. Further provisions concerning municipal and county authority planning are issued by statute.

Amended by Act No. 71 of 27 June 2008 (entry into force 1 July 2009 pursuant to Resolution No. 638 of 12 June 2009).

## **Chapter 2. Administrative bodies in municipalities and county authorities**

#### **Section 6. *Municipal and county councils***

The municipal council and county council are the highest municipal and county bodies. They pass resolutions on behalf of the municipality or county authority unless otherwise provided by statute or by resolution to delegate authority.

#### **Section 7. *Composition of municipal and county councils***

1. The municipal council is elected by the inhabitants of the municipality who are entitled to vote pursuant to statutory provisions. The members of the county council are elected by the inhabitants of the county who are entitled to vote pursuant to statutory provisions. The term of office is four years.

2. The total number of members of the municipal council shall be an uneven number, which is determined as follows for municipalities with:

1. up to 5000 inhabitants, no fewer than 11
2. more than 5000 but not more than 10,000 inhabitants, no fewer than 19
3. more than 10,000 but not more than 50,000 inhabitants, no fewer than 27
4. more than 50,000 but not more than 100,000 inhabitants, no fewer than 35
5. more than 100,000 inhabitants, no fewer than 43.

The total number of members of the county council shall be an uneven number, which is determined as follows for county authorities with:

- a. up to 150,000 inhabitants, no fewer than 19
- b. more than 150,000 but not more than 200,000 inhabitants, no fewer than 27
- c. more than 200,000 but not more than 300,000 inhabitants, no fewer than 35
- d. more than 300,000 inhabitants, no fewer than 43.

3. Any change in the number of members is to be resolved by the municipal council or county council itself in the course of the first three years of its term of office, with effect from the next election.

4. The determining factor for the minimum lawful number of members is the number of inhabitants in the municipality or the county at the end of the last calendar year before the election. If it is proven that the number of members at this point of time is too small in proportion to the number of inhabitants, and no resolution for expansion has been passed, the number of members is to be increased to the statutory minimum at the next election.

Amended by Act No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006).

#### **Section 8.** *Municipal executive board. County executive board*

1. The municipal council and county council themselves elect the municipal executive board and county executive board, respectively, with a minimum of 5 members. However, this does not apply to any municipality or county authority that has introduced a parliamentary form of government.

2. Members and alternates are elected for four years to the municipal executive board or county executive board by and from the members of the municipal council or the county council. The election is conducted as an election by proportional representation when at least one member so demands and otherwise as an agreement election.

3. The municipal executive board and county executive board consider proposals for the finance plan, annual budget and tax resolutions. Otherwise, the municipal council and county council themselves lay down the area of activity for the municipal executive board and county executive board. The municipal executive board and county executive board may be empowered to make decisions in all matters, unless otherwise provided by statute.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997) and No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009).

#### **Section 9.** *Chair of municipal council. Chair of county council. Deputy chairs*

1. The municipal council itself elects its chair and deputy chair from among the members of the municipal executive board. The county council itself elects its chair and deputy chair from among the members of the county executive board. The elections are for the whole term of office. Any person who has been chair or deputy chair of the municipal council for the last four years may refuse to stand for re-election to both offices. The same applies to any person who has been chair or deputy chair of the county council for the last four years. A claim for exemption must be submitted before the election is held.

In municipalities that have introduced a parliamentary form of government, the chair and deputy chair are elected from among the members of the municipal council. In county authorities that have introduced a parliamentary form of government, the chair and deputy chair are elected from among the members of the county council.

2. If the chair of the municipal council or chair of the county council relinquishes office temporarily, the deputy chair moves up as chair of the municipal council or as chair of the county council, and a new deputy chair is temporarily elected.

If the chair of the municipal council or chair of the county council permanently retires from office, a new election is held.

3. The chair of the municipal council and chair of the county council preside at the meetings of the municipal council and county council, the municipal executive board and county executive board. They are the legal representatives of the municipality and the county authority, and sign on behalf thereof in all matters in which this power has not been given to any other person.

4. The chair of the municipal council and chair of the county council have the right to attend and speak at meetings of all other municipal or county bodies save the municipal government and county government and bodies under these, but have the right to vote and to make proposals only if they are elected members. The chair of the municipal council and chair of the county council may be represented by another member of the municipal council or of the county council in bodies of which they are not members.

5. The municipal council and county council may empower the chair of the municipal council and chair of the county council to make decisions in individual matters or in types of business which do not involve questions of principle.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997) and No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999).

#### **Section 10. *Standing committees. Committees***

1. The municipal council and county council may themselves appoint standing committees for municipal and county authority purposes or for parts of the municipal or county authority activity. Such committees shall have no fewer than three members.

2. The municipal council and county council themselves lay down the area of activity for the standing committees. Such committees may be empowered to make decisions in all matters unless otherwise provided by statute.



3. The municipal council and county council themselves elect the members and the alternates to the committee, and from among the members, the chair and deputy chair.
4. The committee may empower the chair or a working committee to make decisions in individual matters or in types of business which do not involve questions of principle, unless otherwise resolved by the municipal council or county council.
5. The municipal council and county council may appoint committees for preparatory discussion of business and for the execution of special functions. Such a committee may also be empowered to make decisions in individual matters which are directly connected with the committee's terms of reference.
6. The municipal council and county council may themselves, at any time, re-organise or abolish standing committees and committees. A committee may also be re-organised or abolished by the body that has been empowered to appoint the committee concerned.

**Section 10a.** *Municipal council committees. County council committees.*

1. The municipal council and county council may themselves appoint municipal council committees and county council committees as preparatory bodies for the municipal council and county council. These committees cannot be empowered with the authority to make decisions. Such committees shall have no fewer than three members.
2. The municipal council and county council shall themselves divide all members of the municipal council and county council into municipal council committees and county council committees, and shall elect a chair and deputy chair for the committees. Members of the control committee who are also on the municipal council or county council are ineligible for election to the committees. The chair of the municipal council and chair of the county council may be exempt from the election if the municipal council or county council so decides.
3. The election shall be carried out on the basis of a recommendation with proposed members and deputies for the committees. The recommendation shall contain a number of names which corresponds to the number of members of each committee, with an indication of which group the member represents. The recommendation may also contain a number of alternates for each group that corresponds to the number of members the group will have, with the addition of two. The recommendation shall be adopted with a simple majority.
4. The committees shall be composed proportionally pursuant to the gender distribution among those to be elected. Alternates for the committees shall be elected in the same manner among the deputies for the municipal council and county council.
5. In the event of permanent retirement or absence from the municipal council and county council pursuant to Section 16, No. 2, the member in question's alternate shall enter the municipal council committee or county council committee to which the absentee belonged.
6. The committees may create working committees unless the municipal council or county council has decided otherwise.

7. The municipal council and county council may themselves at any time re-organise or abolish municipal council committees and county council committees.

Added by Act No. 67 of 8 December 2006 (entry into force 10 September 2007 pursuant to Resolution No. 1377 of 8 December 2006).

**Section 11.** *Boards for institutions, etc.*

1. The municipal council and county council may themselves appoint separate boards for municipal or county authority institutions, etc. Such boards shall have no fewer than three members.

2. The municipal council and county council themselves issue provisions concerning the composition of the board. It may be laid down therein that the board shall wholly or partly be appointed by the chief executive or be elected by the employees or users of the institution concerned. Members who shall not be appointed or elected in such a manner are elected by the municipal council or county council.

3. Such a board may be empowered to make decisions concerning the running and organisation of the activity.

4. The municipal council and county council may themselves at any time re-organise or abolish such boards. Any re-organisation in the form of new elections within the provisions that the municipal council and county council have themselves issued may be undertaken by the same bodies or persons who have been granted electoral competence.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999 – see its Chapter VII).

**Section 12.** *District councils*

1. The municipal council may itself appoint district councils for parts of the municipality. The municipal council itself elects the members and alternates to the committee, and from among the members, the chair and deputy chair.

2. The municipal council itself may pass a resolution that the members of one or more district councils in the municipality shall be elected by the inhabitants of the district concerned (direct election). Where the members of the district council are elected by direct election, the committee itself elects the chair and deputy chair.

3. The municipal council itself determines the functions of the district councils. A district council may be empowered to make decisions in all matters concerning that part of the municipality unless otherwise provided by statute.

4. The district council may empower the chair or a working committee to make decisions in individual matters or in types of business which do not involve questions of principle unless otherwise resolved by the municipal council.

5. The municipal council may itself at any time re-organise or abolish a district council. This does not apply when the district council has been elected by direct election.

6. As regards implementing direct elections to district councils the provisions of the Election Act apply insofar as they are appropriate.

7. The Ministry may, through regulations, issue further provisions concerning direct elections to district councils.

Amended by Acts No. 57 of 28 June 2002 (entry into force 1 September 2002 pursuant to Resolution No. 646 of 28 June 2002), No. 4 of 10 January 2003 (entry into force 1 February 2003 pursuant to Resolution No. 3 of 10 January 2003) and No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006).

**Section 13. *Extension of powers in matters of urgency***

1. The municipal council and county council may themselves decide that the municipal executive board or county executive board, a standing committee, the municipal government or county government shall have the power to pass resolutions in matters which should have been decided by another body, when it is necessary for a resolution to be passed so quickly that there is not time to summon such body.

2. Notice of any resolution passed in pursuance of this section is to be put before the body concerned at its next meeting.

**Section 14. *Eligibility and the duty to serve***

1. As regards elections to

- the municipal executive board and county executive board
- standing committees
- district councils
- the control committee
- municipal government and county government
- municipal or county boards appointed in pursuance of other Acts

the following rules apply:

- a) Any person who has the right to vote in elections to the municipal council and county council and who on polling day is entered in the population register as being a resident in the municipality concerned, or in one of the municipalities in the county, is eligible and is obliged to serve. In the event of election to district councils, the municipal council may decide that only those who are registered in the National Population Register as residing in the district concerned are eligible. Any person who has not reached the age of entitlement to vote is eligible, but not obliged to serve.
- b) Disqualified from election are the county governor, assistant county governor, and any person who in the municipality or county concerned is the chief executive or the latter's deputy, is secretary to the municipal council or county council, is head of a branch of the administration, is responsible for the accounts of the municipality or county, or conducts the audit for the municipality or county authority. Nevertheless, the managers of individual undertakings are not disqualified from election. In municipalities and county authorities with a parliamentary form of government, any employee of the secretariat to the municipal or county government who has

had authority delegated from the municipal or county government is also disqualified from election.

- c) Any person who has reached the age of 65 before the entry into force of the electoral term or any person who has served as a member of the body concerned for the past four years is entitled to claim exemption from election. Any person who is a member of a party that is registered in pursuance of Section 17 of the Election Act may refuse election on the basis of a list proposal that has not been put forward by that party.

2. Any person who has lost the right to vote or who conducts audits for the municipality or county authority concerned, is also disqualified from election to popularly elected bodies other than those mentioned in the first subsection.

3. Any person who is responsible for the accounts of any municipal or county authority undertaking, or for any such establishment for the collaborative municipal or county authority functions as mentioned in Section 27 of this Act, is disqualified from election to the board of the said undertaking or of the establishment for the collaborative functions. Any person conducting the audit for any such establishment for collaborative municipal or county authority functions as mentioned in Section 27 of this Act may not be elected to the board of the said establishment.

4. Any candidate who appears on an electoral list in a municipal council election, is ineligible for election as a member of a polling board in the municipality concerned. Any candidate who appears on an electoral list in a general election or county council election, is ineligible for election as a member of a polling board in the county concerned.

5. Any candidate who would otherwise have been disqualified from election by virtue of his or her appointment is nevertheless eligible if he or she has relinquished such appointment when the body commences its functions.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999), No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), No. 57 of 28 June 2002 (entry into force 1 September 2002 pursuant to Resolution no. 646 of 28 June 2002), No. 4 of 10 January 2003 (entry into force 1 February 2003 pursuant to Resolution No. 3 of 10 January 2003), No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006), No. 16 of 11 May 2007, No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009) and No. 14 of 13 May 2011 (entry into force 1 January 2012).

#### **Section 15. *Relinquishment of office. Suspension***

1. Any person who loses the right of election to a popularly elected body during his or her term of office retires with final effect therefrom. If loss of eligibility is due to registered interruption of residence in the municipality or county authority for a period not exceeding two years, the person concerned relinquishes office for the period for which such interruption of residence lasts.

2. The municipal council and county council may, following application, exempt for a shorter period or for the remainder of the electoral term, any person who is unable to discharge the duties of office without disproportionate difficulty or strain.

3. If a charge is brought or an indictment is rendered against a popularly elected representative for such a criminal offence as mentioned in Chapters 10, 11, 24, 25, 26, 33 or 40 of the Criminal Code, and according to the charge or indictment the offence relates to the discharge of office or service for the municipality or county authority, the municipal council or county council may itself pass a resolution to suspend the person concerned from office until the case has been finally decided. The stipulation that the charge or indictment shall be related to discharge of office or service for the municipality or county authority does not apply as regards criminal offences mentioned in Chapter 10 of the Criminal Code.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997) and No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009). Amended by Act No. 28 of 20 May 2005 (entry into force to be determined by statute) as amended by Act No. 74 of 19 June 2009.

#### **Section 16. *Promotion and new elections***

1. If members are unable to attend a meeting of a popularly elected body, the alternates are summoned insofar as possible in the numerical order in which they were elected. The alternates shall be summoned from the group in which there is absence.

2. If members of the municipal council or county council retire finally or are permanently unable to attend, alternates from the group concerned move up in their place in the numerical order in which they were elected, if the body was elected by proportional representation. If a municipal council was elected by majority ballot, alternates move up in the numerical order in which they were elected.

3. If a member of a popularly elected body other than the municipal council and county council, a municipal council committee or a county council committee retires with final effect, a new member is elected even if an alternate has been elected. A supplementary member for this body shall be appointed from the same group as that to which the retiring member belonged. Should this procedure lead to one gender being represented by fewer than 40 per cent of the members of the body, a new member shall be elected from the under-represented gender.

4. If the chair of a popularly elected body retires with final effect from that body, a new chair shall be elected.

5. If the number of alternates or a group's alternates for the municipal executive board, county executive board or any other popularly elected body elected by the municipal council or county council has become insufficient, the municipal council or county council may itself elect one or more permanent or temporary alternates. By-elections shall be from the group that has an insufficient number of alternates. Should this procedure lead to one gender being represented by fewer than 40 per cent of the alternates for the body or the group's alternates, a new alternate shall, insofar as possible, be elected from the under-represented gender. The power to conduct by-elections to any other body than the municipal executive board or the county executive board may be delegated to the municipal executive board or county executive board.

6. In the event of by-elections pursuant to third and fifth subsections, the group concerned may itself appoint the person who will move up into the vacant seat. The group shall then inform the municipal council or county council, which will elect the person concerned if the statutory requirements have

been satisfied. The same shall apply in the event of by-elections pursuant to the fifth subsection, final sentence.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999), No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006) and No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009).

**Section 17.** *Constitutive meeting, etc., of the municipal and county councils*

1. As soon as the final allocation of votes has been settled, a constitutive meeting of the newly elected municipal council and county council shall be called. The meeting is called by the serving chair of the municipal council or chair of the county council with at least 14 days' notice and is held by the end of the month of October. There is a quorum when no fewer than 2/3 of the members are present.
2. As the first order of business at the constitutive meeting, the municipal council and county council shall decide whether the election to the municipal council or county council is valid, cf. Section 13-4, first subsection of the Election Act. If the municipality has held direct elections to district councils, the municipal council shall decide on the validity of this election before holding any other elections. When it has been decided that elections as mentioned in the first and second subsections are valid, the municipal executive board or county executive board, chair of municipal council or chair of county council and deputy chairs shall be elected for the new term of office. Members of municipal or county boards and the chairs thereof should also be elected in this meeting, unless it has been left to the board concerned to conduct this election itself.
3. The municipal council and county council, the municipal executive board and county executive board shall commence their functions at the constitutive meeting. The chair of the municipal council, chair of the county council, deputy chair and other popularly elected bodies shall commence their functions at the time of their election.
4. For boards that are not elected at the constitutive meeting, the sitting members continue to discharge their functions until new elections are held.

The newly elected municipal council or county council itself passes resolutions on the budget for the next year.

Amended by Act No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006).

**Chapter 3. Municipal and county authority parliamentary system**

**Section 18.** *Introduction and termination of the municipal or county authority parliamentary system*

1. The municipal council or county council may itself resolve to introduce parliamentary government pursuant to the provisions of this present Chapter of this Act. Such a resolution must be passed with the support of no fewer than half the members of the municipal council or of the county council.
2. Any motion for the introduction of parliamentary government must have been put forward and voted on in the municipal council or county council no later than 31 December of the penultimate

year of its term of office. Majority support is not required for this motion. The introduction of parliamentary government may be resolved no earlier than at the constitutive meeting of the newly elected municipal council or county council. The form of government must have been resolved and implemented when the second year of the new term of office commences.

3. The municipal council or county council may itself resolve to return to the ordinary form of government subject to the rules provided in this present Section of this Act. Such a resolution must be passed with the support of no fewer than half the members of the municipal council or of the county council.

4. The municipal council or county council decides itself whether the formation of municipal government or county government shall take place pursuant to Sections 19 or 19 a.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999) and No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 19. *Municipal government. County government***

1. The municipal council and county council shall themselves create a municipal government or county government as the highest administrative body of the municipality or county.

2. Where a municipal government or county government is introduced, the system involving a chief executive is discontinued.

3. When continuing the system of parliamentary government, the municipal council or county council itself elects a government at the constitutive meeting following elections to the municipal council or county council. Where the municipal council or the county council has itself resolved that the sitting government shall relinquish office or has been informed that the government will relinquish office, the election of a new government shall be conducted no later than the next meeting. The government takes office as soon as it has been elected.

4. A proposed government shall contain the same number of names as are wanted in the government and shall specify who shall be the chair and deputy chair of the government. The provisions regarding gender balance in Section 38 a, third subsection, first and second sentence shall apply correspondingly. One of the proposals must be voted for, or a blank vote must be cast. The proposal that receives the most votes is elected. If there are more than two proposals, a proposal must nevertheless have the support of the majority of the votes cast in order to be elected. If neither of the proposals receives such support, there shall be a new ballot listing only the two proposals that received the most votes. The proposal that receives most votes in this ballot is elected.

5. A proposal for the government to relinquish office must be put forward at a meeting. The proposal shall be heard at the next meeting unless two-thirds of those present at the meeting demand an immediate vote. The government shall notify the council of its relinquishment of office at a meeting.

6. When a member of the government relinquishes office in accordance with a resolution or his or her own wish, a new member shall be elected on the basis of a proposal from the government. If the chair relinquishes office, a new government shall be elected.

7. Any person elected to membership of the municipal government or county government shall relinquish any other municipal or county office during his or her term of office. The municipal council or county council may elect substitute members for other offices than that of member of the municipal council or county council for the period for which the person concerned is a member of the municipal government or county government.

Amended by Acts No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999) and No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009).

**Section 19a.** *Appointing candidates for chair of municipal or county government*

1. When warranted by the parliamentary situation in the municipal council or county council, the chair of the municipal council or chair of the county council may, on behalf of the municipal council or county council, order a candidate for chair of the municipal government or candidate for chair of the county government to form a new municipal government or county government. The candidate whom the chair of the municipal council or chair of the county council presumes, based on political considerations, can gather the most support in the municipal council or county council for his/her municipal government or county government, shall be designated.
2. If the change in municipal government or county government is the result of an election to the municipal council or county council, the person who at any given time formally holds the office of chair of the municipal council or chair of the county council, shall be tasked with the assignment which follows from the first subsection.
3. The designated candidate shall personally assemble his/her collegium, and the new municipal government or county government shall constitute itself. The provisions regarding gender balance in Section 38 a, third subsection, first and second sentence shall apply correspondingly. The chair of the municipal government or county government may at any time independently replace members of the government and decide the composition of the government.
4. As soon as the municipal government and county government have constituted themselves, they must notify the municipal council or county council of the government's composition. The same applies in the event of changes to the composition of the government.
5. The term of office for the municipal government or county government is independent of the term of office for the municipal council and county council.
6. If the municipal government and county government are being replaced, the outgoing government shall remain in office until the new government has constituted itself.
7. A proposal for the government to relinquish office must be put forward at a meeting of the municipal council or county council. The proposal shall be heard at the next meeting of the municipal council or county council unless two-thirds of those present at the meeting demand an immediate vote. The government shall notify the municipal council or county council of its resignation in the next meeting of the municipal council or county council.



8. A member of the government may resign according to a resolution or his/her own will, with the exception of instances as mentioned in the third subsection of the present Section. If the chair of the government resigns, the entire government shall resign.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 20. Responsibilities and authority of municipal and county governments**

1. The municipal government and county government are the highest administrative bodies for overall municipal or county management, with the exceptions that follow from this Act. The municipal council and county council may themselves decide that it shall be possible to give individual members of the board administrative responsibility on behalf of the government for parts of the administration of the municipality or county.

2. The municipal government and county government shall ensure that those items of business that are placed before popularly elected bodies have been properly elucidated, and that the resolutions that have been passed are implemented. The municipal government and county government shall ensure that the administration is conducted in conformity with statutes, regulations and paramount instructions, and that it is subject to satisfactory control.

3. The municipal council and county council may themselves empower the government to make decisions in all matters unless otherwise provided by statute. The government may empower individual members to make decisions in individual matters or in types of business which do not involve questions of principle in those cases in which such members have been given administrative responsibility pursuant to the first subsection of this Section, unless otherwise resolved by the municipal council or county council.

4. The municipal council and county council may themselves empower the government to establish and appoint boards for the government's administration of special parts of the municipal and county authority activity. The government itself lays down the articles for such boards and may empower the board to make decisions in individual matters or in types of business that do not involve questions of principle. A board may be reorganised or abolished during the term of office, and the entire board or individual members may be re-appointed. A member of a board may relinquish office if he or she wishes to do so.

5. The members of the municipal government and county government shall attend the meetings of the municipal council or county council. The chair of the government has the right to attend meetings of other municipal or county authority bodies, in person or represented by one of the other members of the government. The right of attendance pursuant to the preceding sentence of this subsection does not apply to meetings of the control committee or meetings of the municipal council's or county council's own bodies when these are transacting business relating to the municipal council's, county council's or the body's own internal organisation. If the members of the government have managerial responsibility, the right to attend and to speak applies to the member of the government who has the business of the body concerned under his or her area of responsibility, and to the chair of the government.

Amended by Acts No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999) and No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

**Section 21.** *Clerical and research/report assistance to groups in municipal and county councils*

Groups of municipal councillors or county councillors who are not in the municipal government or county government shall be ensured any necessary assistance with research/report work and clerical work.

**Chapter 4. The administration of municipalities and county authorities**

**Section 22.** *Chief executive*

1. A chief executive shall be appointed in every municipality and county authority.
2. The municipal council and county council themselves appoint the chief executive.

**Section 23.** *Functions and power of the chief executive*

1. The chief executive is the highest administrative officer for the overall management of the municipality or county authority, with the exceptions that follow from statutes and within the framework laid down by the municipal council or county council.
2. The chief executive shall ensure that those items of business that are placed before popularly elected bodies have been properly elucidated, and that resolutions are implemented. The chief executive shall ensure that the administration is conducted in conformity with statutes, regulations and superordinate instructions, and that it is subject to satisfactory control.
3. The chief executive has the right to be present and speak, in person or represented by one of his or her subordinates, at meetings of all popularly elected municipal or county authority bodies, with the exception of the control committee.
4. Popularly elected municipal and county authority bodies may empower the chief executive to make decisions in individual matters or in types of business which do not involve questions of principle, unless otherwise resolved by the municipal council or county council.

Amended by Act No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

**Section 24.** *Municipal and county authority positions*

1. The municipal council and county council may empower the municipal executive board or county executive board, the municipal government or county government, a committee, a board of an institution or the chief executive, to create and discontinue posts and to make decisions in personnel matters.
2. The municipal council and county council may themselves decide that senior administrative positions, including managers of municipal and county authority undertakings, shall be hired for fixed terms. The same applies for ombudsmen. The fixed term must be for no less than six years.

3. The municipal council and county council may create or join a pension scheme for municipal or county authority employees. The King may, through regulations, lay down further provisions relating to such pension schemes.

Amended by Acts No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999), No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), No. 45 of 20 June 2003 (entry into force 1 July 2003 pursuant to Resolution No. 712 of 20 June 2003) and No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006).

**Section 25. *Multidisciplinary committees – management committees***

1. In all municipalities and county authorities, one or more jointly constituted committees – management committees – shall be created to transact business concerning the relations between the municipality or county authority as employer and the employees. Any such committee as may be created in pursuance of the first sentence of this subsection may be replaced by other arrangements if such arrangements are supported by no fewer than three-quarters of the employees.

2. The management committee is to be composed of representatives of the municipality or county authority and the employees. The employee representatives are to be elected by and from the employees for a term of two years at a time. The majority of the committee shall consist of representatives of the municipality or county authority. The municipal council and county council themselves elect the representatives of the municipality or county authority, as well as the chair and deputy chair of the committee, from among the representatives.

3. The normal eligibility rules apply for the employee representatives, except for the residence requirement.

4. Otherwise the same provisions apply as in the case of other standing committees.

Amended by Act No. 8 of 10 January 1997 (entry into force 1 March 1997).

**Section 26. *The right of employee representatives to attend committee meetings***

1. Representatives of the employees of the municipality or county authority have the right to be present and to speak at meetings of boards where the latter are transacting business concerning the relationship between the municipality or county authority as employer and the employees. However, this right does not apply in relation to the board of any municipal or county undertaking pursuant to Chapter 11 of this Act if the employees are represented on the board.

2. Representatives of the employees do not have the right to take part in the transaction of business concerning the employer's preparations for negotiations with employees, industrial disputes, legal disputes with employees' trade unions or notice of termination of collective agreements.

3. Representatives of the employees do not have the right to attend meetings of the municipal executive board or county executive board, of the control committee or of any body that hears administrative appeals in pursuance of Section 28, second subsection of the Public Administration Act. However, representatives of the employees in the audit department have the right to be present and speak at meetings of the control committee when it is transacting any business that concerns the

relationship between the municipality or county authority as employer and the employees of the audit department.

4. The municipal council and county council themselves lay down further guidelines for the employees' right to be present at meetings.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999).

## **Chapter 5. Intermunicipal cooperation**

### **Section 27. *Collaboration between municipalities and county authorities***

1. Two or more municipalities, two or more county authorities, or one or more municipalities and one or more county authorities, may create a separate board for the discharge of joint functions. The municipal council and county council themselves pass resolutions concerning the creation of any such board. Such a board may be empowered by the municipal council or the county council itself to make decisions concerning the running and organisation of the activity.

The King may issue an order for the creation of any such board as is mentioned in the first paragraph of this subsection.

2. The Articles of the joint board shall contain provisions concerning:

- a. the composition of the board and the manner in which it is to be appointed,
- b. the area of activity of the board,
- c. the extent to which the constituent municipalities or county authorities shall fund the activity,
- d. the extent to which the board has the power to raise loans or in any other manner bind the constituents financially,
- e. withdrawal from or dissolution of the joint discharge of functions.

3. The individual municipality or county authority may in any event, upon giving one year's notice in writing, terminate its participation in the joint discharge of functions and demand to be released therefrom. The redemption sum is to be set as the net worth of its share on the date of expiry of the period of notice, but no higher than the value of the funds the municipality or county authority concerned has contributed.

Notice of termination of an agreement concerning a joint board may be brought before the Ministry. The Ministry may issue an order that the joint discharge of functions shall continue for a specified period of time or until further notice, if the interests of society or consideration for the cooperating municipalities or county authorities so indicate.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999) and No. 114 of 12 December 2003.

### **Section 28. *Transferring the authority to enter into collective agreements***

The municipal council and county council may themselves give an association of municipalities and county authorities the power to enter into and give notice of termination of a collective

agreement and to give or receive collective notice of termination of employment or work on behalf of the municipality or county authority.

### **Chapter 5 A. Host municipalities**

Heading added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

#### **Section 28-1a. *Host municipality collaboration***

1. A municipality may delegate the authority to carry out statutory tasks, including delegating authority to make decisions as mentioned in Section 2, first sentence, litera a of the Public Administration Act (execution of public authority) to a host municipality pursuant to Sections 28 b and 28 c, insofar as the Act concerned does not stipulate otherwise.

2. The provision in the first subsection applies correspondingly for county authorities.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 a.

#### **Section 28-1b. *Administrative host municipality collaboration***

1. A municipality (collaborating municipality) may agree with another municipality (host municipality) that the host municipality shall carry out tasks and make decisions pursuant to the authority delegated by the collaborating municipality in individual cases or types of cases that are not of significance as regards principle.

2. The provision in subsection 1 applies correspondingly for host municipality collaboration between county authorities.

3. Delegation of authority as mentioned in the first subsection takes place by the municipal council or county council themselves providing instructions to its own chief executive as regards delegation to the chief executive of the host municipality.

4. Popularly elected bodies in the host municipality have no authority to issue instructions or reverse decisions when delegation has taken place pursuant to the third subsection.

5. A collaborating municipality may instruct the host municipality as regards execution of the delegated authority in cases that exclusively concern the collaborating municipality or affected inhabitants.

6. As regards decisions made by the host municipality following delegation from a collaborating municipality, the collaborating municipality has the same authority to reverse decisions as pursuant to Section 35, first subsection of the Public Administration Act.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 b.

#### **Section 28-1c. *Host municipality collaboration with joint elected committee***

1. Municipalities that participate in a host municipality collaboration may agree to create a joint elected committee in the host municipality.
2. The provision in subsection 1 applies correspondingly for host municipality collaboration between county authorities.
3. The participating municipalities may also authorise the committee to make decisions in cases of significance as regards principle. This shall take place through the municipal councils or county councils themselves delegating the same authority to the committee. The committee may delegate to the administration of the host municipality the authority to make decisions in individual cases or types of cases without significance as regards principle.
4. Each of the participants shall be represented by two or more representatives on the committee. The committee shall elect a chair and deputy chair itself from among its members. It may be agreed that the office of chair shall rotate between the participants. This shall be regulated in detail by the agreement.
5. In general, the provisions concerning standing committees shall apply, insofar as appropriate.
6. Popularly elected bodies in the host municipality have no authority to issue instructions or reverse decisions when delegation has taken place from the collaborating municipalities to the host municipality pursuant to the third subsection.
7. A collaborating municipality may instruct the host municipality as regards execution of the delegated authority in cases that exclusively concern the collaborating municipality or affected inhabitants.
8. As regards decisions made by the host municipality following delegation from a collaborating municipality, the collaborating municipality has the same authority to reverse decisions as pursuant to Section 35, first subsection of the Public Administration Act.
9. When there is a statutory limit on the number of members of a popularly elected body, and the representation requirement in the fourth subsection results in the number of members in the joint committee exceeding the statutory limit, the number of members shall be reduced in the following manner: The number of committee members which exceeds the statutory limit, shall be removed from the committee following a drawing of lots. If this method results in a participating municipality losing its representation in the committee during processing of cases from the municipality concerned, one additional member shall be removed and be replaced by a member from this municipality.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 c.

**Section 28-1d. *Parliamentary form of government***

If one of the participants has a parliamentary form of government, the municipal government or county government shall assume the role of the chief executive in relation to Sections 28 b and 28 c.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 d.

**Section 28-1e.** *The cooperation agreement*

1. A written cooperation agreement shall be prepared for host municipality collaboration. The agreement shall be adopted by the municipal council or county council itself. Amendments to the agreement that concern matters as mentioned in the second and third subsections, shall take place in the same manner.
2. The cooperation agreement shall contain provisions concerning:
  - a) who the participants are and which of these is the host municipality,
  - b) which tasks and which authority to make decisions shall be delegated to the host municipality,
  - c) the time when the tasks and authority to make decisions shall be transferred,
  - d) notifying the participants concerning decisions made in the host municipality,
  - e) the financial settlement between the collaborating municipalities and the host municipality,
  - f) detailed rules for withdrawal and dissolution of the collaboration,
  - g) other matters for which agreement is required by statute.
3. An agreement regarding host municipality collaboration with a joint committee shall also contain provisions concerning the number of representatives in the committee from each participant.
4. In a host municipality collaboration between municipalities, the host municipality shall inform the County Governor about the establishment of the collaboration. In a host municipality collaboration between county authorities, the host municipality shall inform the County Governor about the establishment of the collaboration.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 e.

**Section 28-1f.** *Appeals in the event of administrative host municipality collaboration*

1. When a host municipality makes decisions which may be appealed pursuant to Section 28, first subsection of the Public Administration Act, the municipality that has delegated the authority, shall be the appeal body. However, the responsible state agency shall be the appeal body when decisions have been made in accordance with authority delegated from a state agency.
2. ---
3. The administration of the host municipality is the secondary body pursuant to Section 33, second subsection of the Public Administration Act as regards processing appeals pursuant to the first subsection of this Section. The same applies when a state agency is designated as the appeal body by statute.

4. The appeal body does not have the authority the reverse decisions pursuant to Section 35, second and third subsection of the Public Administration Act. However, state appeal bodies may reverse decisions that must be deemed invalid.

5. The provisions in the first, third and fourth subsections apply correspondingly for host municipality collaboration between county authorities.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006), amended by Acts No. 30 of 24 June 2011 (entry into force 1 January 2012 pursuant to Resolution No. 1252 of 16 December 2011) and No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 f.

**Section 28-1g. Appeals in the event of host municipality collaboration with joint committee**

1. When decisions are made in a host municipality collaboration with a joint committee which may be appealed pursuant to Section 28, first subsection of the Public Administration Act, the appeal body shall be one or more special appeal boards appointed by the municipal councils of the participating municipalities. However, the responsible state agency shall be the appeal body when decisions have been made in accordance with authority delegated from a state agency.

2. ---

3. Each of the participating municipalities shall be represented on appeal boards appointed pursuant to the first subsection. The appeal board shall elect its own chair and deputy chair. In general, the provisions concerning standing committees shall apply, insofar as appropriate.

4. If the representation requirement in the third subsection results in an appeal board pursuant to the second subsection having more than five members, the number of members shall be reduced to five in the following manner: The number of appeal board members which exceeds the statutory limit, shall be removed from the board following a drawing of lots. If this method results in a participating municipality losing its representation on the board during processing of cases delegated from the municipality concerned, one additional member shall be removed and be replaced by a member from this municipality.

5. The joint committee is the secondary body pursuant to Section 33, second subsection of the Public Administration Act as regards processing appeals pursuant to the first and second subsections of this Section. The same applies when a state agency is designated as the appeal body by statute.

6. The appeal body does not have the authority to reverse decisions pursuant to Section 35, second and third subsection of the Public Administration Act. However, state appeal bodies may reverse decisions that must be deemed invalid.

7. The provisions in the first, third, fifth and sixth subsections apply correspondingly for host municipality collaboration between county authorities.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006), amended by Acts No. 30 of 24 June 2011 (entry into force 1 January 2012 pursuant to Resolution No. 1252 of 16 December 2011) and No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 g.



**Section 28-1h. *Legality control***

1. Decisions made by the host municipality's bodies on behalf of a collaborating municipality may be brought before the Ministry by three or more members of the collaborating municipality's municipal council for review of the legality of the decision pursuant to Section 59.
2. Members of the municipal council of the host municipality cannot demand such review of decisions made by the host municipality's bodies on behalf of a collaborating municipality.
3. The provision applies corresponding for host municipality collaboration between county authorities.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 h.

**Section 28-1i. *Dissolution and withdrawal***

1. If the participants so agree, the collaboration may be dissolved with immediate effect.
2. The individual participant may, with one year's notice, withdraw from its participation in a host municipality collaboration. A different term of withdrawal may be agreed.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 i.

**Section 28-1j. *Authority of the host municipality's control committee***

The host municipality's control committee has authority pursuant to Section 77, first subsection irrespective of the fact that the municipal council of the host municipality has a limited authority pursuant to Section 28 b, fourth subsection and Section 28 c, sixth subsection.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 j.

**Section 28-1k. *State supervision of host municipalities***

1. Where a collaborating municipality has delegated the execution of statutory tasks to a host municipality, state authorities shall direct its orders or other sanctions to the host municipality. The host municipality is responsible for complying with orders or other sanctions.
2. Where a task has been delegated to the host municipality, state authorities have the right to access the host municipality's case documents, and may require the host municipality's bodies, elected officials and employees, regardless of confidentiality, to provide the information and reports that are necessary for the authority to carry out its supervision. The supervision may also require access to all host municipality institutions, premises and installations that are necessary for the authority to carry out its supervision.

3. The provision in the first and second subsections applies correspondingly for host municipality collaboration between county authorities.

Added by Act No. 91 of 15 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1428 of 15 December 2006) and amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012), changed section number from Section 28 k.

### **Chapter 5 B. Cooperative municipalities**

Heading added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

#### **Section 28-2a. Cooperative municipality**

1. Two or more municipalities or two or more county authorities (participating municipalities) may decide to create a cooperative municipality to discharge joint functions. A decision regarding participation in a cooperative municipality shall be made by the municipal council or county council itself.
2. The cooperative municipality is a separate legal entity.
3. A municipality or county authority cannot participate in more than one cooperative municipality.
4. The other chapters of this Act apply correspondingly, insofar as they are appropriate for cooperative municipalities, unless otherwise stipulated in this Chapter. However, Sections 8, 12, 18 through 21, 27, 28-1 c, 28-1 d, 28-1 g, 48, fourth subsection, 49, 50, eighth subsection, 56 through 58, 60 and 61 through 75 do not apply.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

#### **Section 28-2b. Transferring authority to the cooperative municipality**

1. Any task or authority to make decisions that has not been given by statute to the municipal council or county council itself or other municipal or county authority bodies, may be transferred to a cooperative municipality.
2. The tasks and authority to make decisions which are transferred to the cooperative municipality must be identical for all participating municipalities.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

#### **Section 28-2c. Relationship to the Public Administration Act and Freedom of Information Act**

The Public Administration Act and Freedom of Information Act apply correspondingly for cooperative municipalities as for municipalities and county authorities.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

#### **Section 28-2d. Transfer of ownership of undertakings**

The rules in Sections 16-2 through 16-7 of the Working Environment Act concerning the rights of the employee(s) in the event of transfer of ownership of undertakings apply correspondingly during establishment of, withdrawal from or dissolution of a cooperative municipality.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2e. *The cooperation agreement***

1. The participating municipalities shall create a written cooperation agreement for the cooperative municipality. The municipal council or county council shall themselves adopt the agreement and amendments concerning matters as mentioned in the third subsection.
2. Amendments to the agreement which concern matters other than those mentioned in the third subsection, shall be adopted by the cooperative municipal council with support from at least two-thirds of the votes casted. However, it may be agreed that such amendments shall be adopted by the individual municipal council or county council itself as well.
3. The cooperation agreement shall contain provisions concerning:
  - a) the name of the cooperative municipality, which shall contain the phrase cooperative municipality,
  - b) the participating municipalities and the number of representatives on the cooperative municipal council from each participating municipality,
  - c) which address the cooperative municipality shall be registered under in the Central Coordinating Register of Legal Entities,
  - d) which tasks and which authority to make decisions shall be delegated to the cooperative municipality,
  - e) the time when the tasks and authority to make decisions shall be transferred,
  - f) the participating municipalities' funding obligations and duty to provide other contributions to the cooperative municipality,
  - g) the individual participating municipality's ownership interest in the cooperative municipality and share of responsibility for the liabilities of the cooperative municipality, should this differ from the ownership interest,
  - h) how the obligation to cover the deficit of the cooperative municipality shall be divided between the participating municipalities, should this differ from the participating municipalities' share of responsibility for the liabilities of the cooperative municipality,
  - i) the framework for the cooperative municipality's treasury management,
  - j) notifying the participating municipalities concerning decisions made in the cooperative municipality,
  - k) withdrawal from and dissolution of the cooperative municipality, including custody of archives created by the cooperative municipality, and
  - l) other matters for which agreement is required by statute.
4. Upon establishment of a cooperative municipality between municipalities, the cooperative municipality shall send a copy of the cooperation agreement to the County Governor. The cooperative municipality shall also report amendments to the cooperation agreement and decisions

concerning withdrawal or dissolution. The Ministry shall be informed correspondingly concerning cooperative municipalities established between county authorities.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2f. Responsibilities of participants**

1. The individual participating municipality is liable without restriction for a percentage of the liabilities of the cooperative municipality. The sum of these percentages shall equal the total liabilities of the cooperative municipality.
2. The cooperative municipality's creditors must first direct their claim to the cooperative municipality. If the creditor does not receive payment from the cooperative municipality within 14 days after notice requiring payment has been given, the creditor may require payment from the individual participating municipality for its percentage of the liability. A participating municipality that has completely or partly covered its percentage of a claim on the cooperative municipality may require the cooperative municipality to immediately return its outlay.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2g. Participation in other forms of organisation**

1. A cooperative municipality cannot participate in groups/associations. However, a cooperative municipality may manage funds in shares when this has a financial purpose.
2. A cooperative municipality may be a host municipality pursuant to Section 28-1 b, cf. Section 28-1 a, for participants other than the municipalities participating in the cooperative municipality.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2h. The cooperative municipal council**

1. The cooperative municipal council is the highest body of the cooperative municipality. The cooperative municipal council shall consist of no fewer than three representatives with deputies from each participating municipality. These shall be elected by and from among the members of the municipal council or county council. The election shall take place in a constitutive meeting in the municipal council or county council in the participating municipalities or county authorities. The representatives shall be elected for a term of four years. The individual participating municipality may elect new representatives during the term of office. New elections shall apply for the remaining term of office.
2. The cooperative municipal council shall elect a chair and deputy chair itself from among its members. Statutory provisions concerning the chair of the municipal or county council and deputy chair shall apply correspondingly for the chair and deputy chair of the cooperative municipal council. The participating municipalities may agree on a different term of office for the chair and deputy chair than what follows from Section 9.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2i.** *The right of participating municipalities to attend and speak at meetings*

The chairs of the municipal or county councils and chief executives of participating municipalities or county authorities have the right to attend and speak at meetings of the bodies of the cooperative municipality. However, the chief executives are not entitled to attend and speak at meetings of the control committee.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2j.** *Head of administration*

The cooperative municipality shall have a head of administration who is appointed by the cooperative municipal council itself. It may be agreed that the position of head of administration in the cooperative municipality shall rotate between the chief executives of the participating municipalities.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2k.** *Recommended decisions regarding financial plans, annual budgets and annual accounts*

The cooperative municipal council shall stipulate which body of the cooperative municipality shall recommend decisions concerning financial plans, annual budgets and annual accounts.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2l.** *Covering deficits in the cooperative municipality*

1. The cooperative municipality is obliged to cover deficits in the cooperative municipality.
2. The participating municipalities are obliged to contribute to covering deficits in the cooperative municipality.
3. The Ministry may, through regulations, stipulate rules for the obligation of the cooperative municipality and participating municipalities to cover deficits in the cooperative municipality.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2m.** *Raising loans and guarantees*

1. The cooperative municipality may only raise loans if this is stipulated in the cooperation agreement. If the cooperative municipality shall have the authority to raise loans, the agreement shall contain a maximum amount for the cooperative municipality's total borrowing.

2. If one of the participating municipalities is subject to the rules in Section 60, the Ministry shall authorise the cooperative municipality's decision to raise loans or decision concerning long-term leases of buildings, plants and fixed assets which may lead to expenses on behalf of the cooperative municipality over the following four budget years.

3. The cooperative municipality cannot mortgage or otherwise provide financial guarantees for enterprises other than those operated by the cooperative municipality itself.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2n. *Payment difficulties***

1. If the cooperative municipality cannot fulfil its liabilities as they mature, the cooperative municipality's head of administration shall immediately inform the cooperative municipal council and the participating municipalities. Unless the cooperative municipal council presents a plan for continued operation which will satisfy debts as they mature, and which has the support of the participating municipalities, the cooperative municipality shall be dissolved.

2. Forced sales or foreclosures of the cooperative municipality's assets cannot take place during the first six months after a notification pursuant to the first subsection has been sent to the participating municipalities.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2o. *Elections to control committees***

The members of the control committee shall be elected from among members of the municipal councils, county councils and control committees in the participating municipalities and county authorities. Each participating municipality or county authority shall be represented by no less than one member on the committee.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2p. *Appeals***

1. When the cooperative municipal council's underlying bodies make decisions that may be appealed pursuant to Section 28, first subsection of the Public Administration Act, the cooperative municipal council or one or more special appeal boards appointed by the cooperative municipal council shall be the appeal body.

2. When the cooperative municipal council makes decisions that may be appealed pursuant to Section 28, first subsection of the Public Administration Act, the Ministry shall be the appeal body.

3. The responsible state agency is the appeal body when this is stipulated by statute or when the cooperative municipality's decision has been made pursuant to authority delegated from a state agency.

4. Each of the participating municipalities shall be represented on appeal boards as mentioned in the first subsection. The committee shall have no fewer than three members, and it shall elect its chair and deputy chair itself.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2q. *Legality control***

Three or more members of the cooperative municipal council or three or more members of the participating municipalities' or county authorities' municipal councils or county councils may together bring decisions made by the cooperative municipality's bodies before the Ministry for review of the decision's legality pursuant to Section 59.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2r. *State supervision***

If a participating municipality or county authority has transferred the execution of statutory tasks to the cooperative municipality, state supervisory authorities shall address orders or sanctions to the cooperative municipality. The cooperative municipality is responsible for complying with orders or sanctions.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2s. *Responsible state agency***

If the cooperative municipality geographically falls under the area of responsibility of multiple state appeals, control or supervisory agencies with the same competence, the cooperative municipality's registered address in the Central Coordinating Register of Legal Entities shall determine which state agency will be the correct entity.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Section 28-2t. *Withdrawal***

1. The individual participating municipalities or county authorities may, following a written notice to the cooperative municipality and other participating municipalities or county authorities, withdraw from its participation in the cooperative municipality and demand to be released therefrom. The term of notice is no less than one year and runs from the time when the notice regarding withdrawal has been received pursuant to the previous sentence.

2. If the rights of a participating municipality or county authority have been violated through material breach of the participation scheme, the participating municipality or county authority may withdraw from the cooperation with six months' notice.

3. The individual participating municipality or county authority may bring the issue of withdrawal before the Ministry within one month after the cooperative municipality and other participating

municipalities or county authorities have received the notice regarding withdrawal. The Ministry may issue an order for the cooperation to continue for a specified period of time if the consideration for one or more participating municipalities or county authorities so warrants. The Ministry may, in special cases, authorise that withdrawal takes place with immediate effect. However, the participating municipalities' or county authorities' payment obligations pursuant to the cooperation agreement shall continue through the term of notice.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

#### **Section 28-2u. Dissolution**

The cooperative municipality may be dissolved if the participating municipalities or county authorities so agree. Decisions concerning dissolution shall be made by the individual municipal council or county council itself.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

#### **Section 28-2v. Regulations**

1. Regulations laid down pursuant to the Local Government Act apply correspondingly, insofar as appropriate, for the cooperative municipality, unless the Ministry stipulates otherwise through regulations.
2. The Ministry may stipulate regulations concerning reporting from the cooperative municipality as regards the use of resources and provision of services for use in national information systems.

Added by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

### **Chapter 6. Rules of procedure in popularly elected bodies**

#### **Section 29. Area of application for these provisions**

1. The provisions of this Chapter apply to municipal councils, county councils, municipal executive boards, county executive boards, standing committees, municipal council committees, county council committees, district councils, municipal governments and county governments, as well as municipal or county boards established in pursuance of other Acts.
2. The provisions also apply to control committees unless otherwise stated in Section 77.
3. These provisions also apply to other popularly elected bodies, insofar as the municipal council, county council or the appointing body does not decide otherwise. However, exceptions may not be made from the provisions of Sections 36 through 38 a.
4. These provisions do not apply to municipal or county authority undertakings, cf. Chapter 11. The provisions of Sections 36 through 38 a nevertheless apply.
5. These provisions do not apply to any activity established in pursuance of the Local Authority Partnerships Act.



6. The provisions in Sections 36 through 38 a do not apply to municipal council committees and county council committees.

Amended by Acts No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999), No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), No. 45 of 20 June 2003 (entry into force 1 July 2003 pursuant to Resolution No. 712 of 20 June 2003), No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004), No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006) and No. 16 of 11 May 2007.

**Section 30.** *The meeting principle. Minutes of meetings*

1. Popularly elected bodies conduct their business and pass their resolutions at meetings.
2. Where an item of business shall be decided by a body other than the municipal council or county council, the chair of the body may decide that the matter is to be considered at a long-distance meeting or by written transaction. However, this may only be done when it is essential to have the matter decided before the next meeting and either there is not time to call an extraordinary meeting or the matter is not sufficiently important for this to be deemed necessary.

The Ministry may issue further provisions concerning authorisation to pass resolutions on the basis of a long-distance meeting or written transaction.

3. The minutes of the proceedings of all popularly elected bodies shall be recorded in a minute book. The municipal council and county council themselves lay down further rules governing the keeping of the minutes.
4. If a decision is made for a meeting to be closed, the decision shall be recorded in the minute book along with the legal basis for this decision. The same applies to decisions declaring a member of the body unfit.

Amended by Acts No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009), No. 1 of 14 January 2011 (entry into force 1 July 2011, pursuant to Resolution No. 38 of 14 January 2011).

**Section 31.** *Open or closed meetings*

1. Meetings of popularly elected bodies shall be open to the public.
2. A popularly elected body shall decide to transact business in camera in the event of statutory confidentiality.
3. A popularly elected body shall decide to transact business in camera when it is to hear a case which concerns personnel matters.
4. A popularly elected body may decide to transact business in camera where consideration for the protection of personal privacy so warrants.
5. A popularly elected body shall decide to transact business in camera when the consideration for weighty public interest so warrants, and information will be disclosed in the meeting which may have

been exempt from public disclosure pursuant to Act No. 16 of 19 May 2006 (the Freedom of Information Act) if it had been in a document.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997) and No. 1 of 14 January 2011 (entry into force 1 July 2011 pursuant to Resolution No. 38 of 14 January 2011).

**Section 31a.** *Procedural rules, etc.*

1. If the person presiding over a meeting or the body concerned so requires, the debate regarding transaction of a meeting in camera shall be held in camera. The vote shall take place in an open meeting.
2. The person presiding over a meeting shall, upon request, give permission to record or transmit audio or video from open meetings, insofar as this does not disturb the meeting.
3. The municipal government or county government decides itself if its meetings shall be open, provided that Section 31 does not prohibit this transparency.

Added by Act No. 1 of 14 January 2011 (entry into force 1 July 2011, pursuant to Resolution No. 38 of 14 January 2011).

**Section 32.** *Scheduling meetings, agendas, summons and presiding over meetings*

1. Meetings of popularly elected bodies shall be held at the times that have been decided by the body itself, the municipal council or county council and otherwise at such time as the chair of the body finds it necessary, or no fewer than one-third of the members so demand.
2. The chair of a popularly elected body prepares the agenda for the individual meeting. A summons to the meeting shall be sent to the members of the body with an appropriate period of notice and it shall contain a list of the business to be transacted.
3. The agenda for the meeting and any other documents which are not exempt from public disclosure shall be available to the public. Any meeting that is to be open to the public shall be announced in an appropriate manner.
4. Meetings of popularly elected bodies are presided over by the chair or deputy chair of the body. If both are unable to attend, a person shall be elected by majority ballot to preside over the meeting.

**Section 33.** *Quorum*

A popularly elected body may only pass resolutions if no fewer than half the members have been present during the proceedings and cast their vote on the item concerned.

**Section 34.** *Amending an agenda. Inquiries*

1. A popularly elected body may, by simple majority, decide to postpone the substantive transaction of an item of business on the published agenda. It may also pass resolutions in any matter that is not specified on the agenda, unless the person presiding over the meeting or one-third of the members attending, object thereto.

2. Any member may put questions to the person presiding over the meeting, also concerning matters that are not on the agenda.

**Section 35. Voting**

1. Resolutions are passed with a simple majority of the votes cast unless otherwise provided by this Act or Sections 9-2, second subsection or 9-3, second subsection of the Election Act. In the case of a tie vote in other matters than elections, the person presiding over the meeting has a casting vote.

2. When the finance plan or annual budget is being considered by the municipal council or county council, at the final ballot, the proposal for the finance plan or annual budget shall be voted upon as a whole. If alternative proposals have been put forward and none of these receives a majority at the first ballot, the two proposals that received most votes are thereafter voted upon as alternatives.

3. The election of the chair and deputy chair of popularly elected bodies shall be conducted as an election by majority ballot.

4. The election of members of boards is conducted as an election by proportional representation when at least one member so demands and otherwise as an election by majority ballot.

5. In the case of elections and appointments, each individual member may demand a written ballot.

Amended by Acts No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006), No. 26 of 8 May 2009 (entry into force 8 May 2009 pursuant to Resolution No. 497 of 8 May 2009) and No. 89 of 19 June 2009.

**Section 36. Election by proportional representation – proposed lists**

The following procedure is to be followed for elections by proportional representation:

1. Elections are conducted on the basis of lists of proposed candidates submitted in advance. Parties or coalitions that are represented in the electing body may only submit one list proposal each. The list may contain up to twice as many different names as the number of members to be elected. Candidates from a party or coalition may only be included on the party's or coalition's list proposal, or on a joint list issued by more than one party or coalition.
2. If two or three members shall be elected, both genders shall be represented on the individual list. If four or five members shall be elected, each gender shall be represented by no fewer than two candidates. If six to eight members shall be elected, each gender shall be represented by no fewer than three candidates. If nine members shall be elected, each gender shall be represented by no fewer than four candidates, and if additional members shall be elected, each gender shall be represented by at least 40 per cent of the proposed candidates. As regards elections to any popularly elected body consisting by law only of members of the municipal council or county council, and for elections to the working committees of any popularly elected body, these rules shall be followed insofar as possible. Concerning representation of both genders on the boards of undertakings that are jointly owned by municipalities and county authorities, reference is made to Chapter 12 A.
3. The list proposal shall be signed by at least one member of the party or coalition that submits the proposal. The person who signs must be a member of the electing body. If a candidate who may

claim exemption from election is proposed, consent shall have been obtained from the person concerned.

Amended by Acts No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999) and No. 91 of 19 June 2009 (entry into force 1 January 2010 pursuant to Resolution No. 1385 of 20 November 2009).

**Section 37. Elections by proportional representation – allocation of votes**

1. At the final allocation of votes, the seats are distributed among the lists in proportion to the number of votes the lists have received, using the divisors 1, 2, 3, 4, etc. If two or more lists have the same quotient, the seat goes to the list that has received the greatest number of votes. If there is a tie vote, the election is decided by casting lots.

2. When it has been decided how many seats a list will receive, a new count of the votes is taken for the candidates on the list. The procedure is as follows:

First a count is taken of those names that are listed as No. 1 on the ballot papers. The candidate who receives most votes at this count is elected. If the list shall have more than one seat, those names that are listed as No. 2 on the ballot papers are thereafter counted. The candidate who receives most votes at the two counts, not counting the person already elected, is elected. The procedure continues in this manner until all the seats a list shall receive have been filled, with the modifications that follow from the provision in the third subsection of this Section. If two or more candidates have received an equal number of votes, the one who is placed first in the order appearing on the list is deemed to be elected.

In the count, no account is taken of any other names than those appearing on the election list submitted.

3. If the result of this procedure is that one gender will be represented by fewer members from a list than what follows from the requirements in Section 36, second subsection, the candidates of the under-represented gender shall move up as far as possible on the list to the extent that is necessary to achieve such balance.

4. Each list shall, insofar as possible, be allocated as many alternates as it receives members, with the addition of two. Seats are distributed among the alternates on the basis of continuing the count in the same manner as prescribed for the members in the second and third subsections above.

Amended by Acts No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009) and No. 91 of 19 June 2009 (entry into force 1 January 2010 pursuant to Resolution No. 1385 of 20 November 2009).

**Section 38. Elections by majority ballot. Appointments**

As regards elections by majority ballot and appointments, any person who has received more than half the votes cast is elected or appointed. If no persons receive such a majority, a new ballot is conducted. In this ballot, the person or persons receiving the most votes will be elected or appointed. In the case of a tie vote, appointments are decided by the person presiding over the meeting and elections are decided by casting lots.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999), No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006) and No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009).

**Section 38a. Agreement elections. (majority ballot according to the proportional principle)**

1. The municipal council or county council may itself unanimously decide that an election to popularly elected bodies shall be conducted as an agreement election pursuant to this Section.
2. The election shall be carried out on the basis of a recommendation with proposed members and deputies for the body. The recommendation shall contain a number of names which corresponds to the number of members of the body with an indication of which group the member represents. The recommendation may also contain a number of alternates for each group that corresponds to the number of members the group will have, with the addition of two. The recommendation shall be adopted unanimously by the municipal council or county council.
3. The requirements concerning gender balance in Section 36, second subsection apply correspondingly. If the result of this procedure is that one gender will be represented by fewer members than what follows from the first sentence of this subsection, the candidates of the under-represented gender shall be included to the extent that is necessary to achieve such balance. As regards elections to any popularly elected body consisting by law only of members of the municipal council or county council, and for elections to the working committees of any popularly elected body, these rules shall be followed insofar as possible.
4. The third subsection of this Section applies correspondingly for election of alternates.

Added by Act No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006) and amended by Act No. 91 of 19 June 2009 (entry into force 1 January 2010 pursuant to Resolution No. 1385 of 20 November 2009).

**Section 39. Regulations. Records**

1. The municipal council and county council themselves may create more detailed rules for case processing by popularly elected bodies.
2. The municipal council and county council shall themselves adopt rules for delegating the authority to make decisions and the right of nomination no later than 31 December of the year after the municipal council and county council was constituted. The most recently adopted rules, and any other decisions, shall apply until new rules have been adopted.
3. The Ministry may issue regulations concerning the treatment, preservation, arrangement and care of the records of municipalities and county authorities.

Amended by Act No. 28 of 25 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 449 of 25 May 2012).

**Chapter 6A. Inhabitant initiatives and local consultative referendums**

Added by Act No. 46 of 20 June 2003 (entry into force 1 July 2003 pursuant to Resolution No. 715 of 20 June 2003) and heading amended by Act No. 26 of 8 May 2009 (entry into force 8 May 2009 pursuant to Resolution No. 497 of 8 May 2009).

### **Section 39a.** *Inhabitant initiatives*

1. Inhabitants of the municipality or county may put forward proposals concerning the activities of the municipality or county authority. The municipal council or county council is itself obliged to consider and make a decision on the proposal if no fewer than 2 per cent of the inhabitants support the proposal. However, 300 signatures in the municipality or 500 in the county are always sufficient.
2. The municipal council or county council shall make a decision on the proposal no later than six months after it has been put forward. This timeframe does not apply if processing of the proposal is postponed in connection with an ongoing planning case pursuant to the Planning and Building Act. Those inhabitants who are behind the initiative shall be informed of the decisions made and the measures to be implemented as a result of the proposal.
3. A proposal may not be put forward in the course of the same electoral term if it has
  - a) the same content as a previous proposal put forward pursuant to this provision, or
  - b) the same content as a case that has been considered by the municipal council or county council in the course of the electoral term.
4. If a proposal that has been put forward in pursuance of the provisions of this Section is voted down in the municipal council or county council, there is no right of appeal unless this follows from other provisions.

Added by Act No. 46 of 20 June 2003 (entry into force 1 July 2003 pursuant to Resolution No. 715 of 20 June 2003) and amended by Act No. 67 of 8 December 2006 (entry into force 1 January 2007 pursuant to Resolution No. 1377 of 8 December 2006).

### **Section 39b.** *Local referendums*

1. The municipal council or county council may itself decide to hold consultative local referendums.
2. The municipalities and county authorities are obliged to report the information deemed necessary by the Ministry to publish information concerning local referendums.

Added by Act No. 26 of 8 May 2009 (entry into force 8 May 2009 pursuant to Resolution No. 497 of 8 May 2009).

## **Chapter 7. Rights and duties of popularly elected officials**

### **Section 40.** *Right and duty to attend meetings in municipal and county authority bodies. Conflicts of interest. Right to access documents*

1. Any person who is elected to membership of a popularly elected municipal or county body has a duty to attend the meetings of that body unless there are valid grounds for absence.

Any employed person is entitled to be released from work to the extent that this is necessary due to a duty to attend meetings of popularly elected municipal or county bodies. Any employed person

is also entitled to a leave of absence from his or her work for four years, or for the rest of the electoral term, for the purpose of serving in any full-time or part-time municipal or county office.

2. Members who are present at a meeting of a popularly elected municipal or county body when a matter is put to a vote have a duty to vote. As regards elections and appointments, members are entitled to cast a blank vote.
3. As regards conflicts of interest, the provisions of Chapter II of the Public Administration Act apply together with the following special provisions:
  - a. A conflict of interest is not incurred in respect of elections to public office or where remuneration, etc., for any such office is being determined.
  - b. Employees of municipalities or county authorities who in this capacity have assisted in the preparation of the basis for a decision, or in an earlier decision in the same matter, shall always be deemed to have a conflict of interest when the matter is being considered by a popularly elected body. The first sentence of Section 40, third subsection, (b) of this Act does not apply to the consideration of the annual budget, the finance plan, the Municipal Development Plan and the County Development Plan.
  - c. When an administrative appeal is being heard pursuant to Section 28, second subsection of the Public Administration Act, employees or popularly elected representatives who were involved in making the decision against which an administrative appeal is being brought, or who assisted in the preparation of the basis for the decision, are disabled in respect of the hearing of the case by the administrative appeal body and in respect of the preparation of the case for the administrative appeal body.

If a superior employee has a conflict of interest in a matter, an immediately subordinate employee may not participate in the hearing of the case by the administrative appeal body or in the preparation of the case for the administrative appeal body.

4. The body concerned may exempt a member from participation in the transaction of any item of business where he or she so requests before the business is taken up for consideration and weighty personal grounds so indicate.
5. The municipal council and county council shall themselves lay down rules governing the elected representatives' right of access to relevant documents and information concerning any matter that is under consideration.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999) and No. 71 of 27 June 2008 (entry into force 1 July 2009 pursuant to Resolution No. 638 of 12 June 2009).

**Section 41. *Covering expenses and financial loss***

1. Any person holding municipal or county office is entitled to allowances for transport, subsistence and overnight accommodation with respect to travel in connection with the office in accordance with further rules laid down by the municipal council or county council itself.

2. Compensation is paid for loss of income and expenses incurred as a result of the holding of municipal or county office up to a prescribed sum per day, laid down by the municipal council or county council itself. Different rates shall be laid down for specified and unspecified losses.

**Section 42. Remuneration for work**

Any person holding municipal or county office is entitled to remuneration for his or her work in accordance with further rules laid down by the municipal council or county council itself.

**Section 43. Pension schemes**

The municipal council and county council may themselves resolve to create or join a pension scheme for elected representatives in the municipality or county authority.

The King may, through regulations, lay down further provisions relating to such pension schemes.

**Chapter 8. Finance plan, annual budget, annual accounts and reporting.**

Heading amended by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 44. Finance plan**

1. The municipal council and county council shall adopt a revolving finance plan once a year.
2. The finance plan shall cover no fewer than the next four budget years.
3. The finance plan shall cover the whole of the activity of the municipality or county authority and provide a realistic overview of probable receipts, anticipated expenditures and priority tasks in the period covered by the plan. The plan shall be set out in such a manner that its contents may be clearly ascertained.
4. For each year that the finance plan covers, the finance plan shall specify coverage for the expenditures and tasks that have been listed, cf. Section 46, sixth subsection of this Act.
5. Plans that cover delimited parts of the activity of the municipality or county authority shall be integrated into the financial planning, and the application of funds shall be incorporated into the plan.
6. The municipal council and county council themselves adopt the finance plan and any amendments thereto. The resolution shall be passed on the basis of a recommendation from the municipal executive board or county executive board. In the case of a parliamentary form of government, the municipal or county government shall make such recommendation as mentioned.
7. The finance plan recommendation shall, with such proposals for resolutions as have been submitted, be made available for public inspection at least fourteen days before it is considered by the municipal council or county council. However, this does not apply in the case of any recommendation concerning amendments to the finance plan.
8. The finance plan and any amendments thereto are to be sent to the Ministry for information.



Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999) and No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 45.** *The annual budget*

1. The municipal council and county council shall, by the end of the year, adopt a budget for the coming calendar year.
2. The municipal council and county council themselves adopt the annual budget and any amendments thereto. The resolution shall be passed on the basis of a recommendation from the municipal executive board or county executive board. In the case of a parliamentary form of government, the municipal or county government shall make such recommendation as mentioned.
3. The annual budget recommendation shall, with such proposals for resolutions as have been put forward, be made available for public inspection at least fourteen days before it is considered by the municipal council or county council. However, this does not apply in the case of any recommendation concerning amendments to the annual budget.
4. A copy of the resolution on the annual budget passed by the municipal council and county council, together with copies of the working documents of the municipal executive board and county executive board, are to be sent to the Ministry for information.

Amended by Acts No. 62 of 2 August 1996 (entry into force 15 September 1996), No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 18 of 16 April 1999 (entry into force 1 July 1999 pursuant to Resolution No. 388 of 16 April 1999), No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999) and No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 46.** *Content of the annual budget*

1. The annual budget is a binding plan for the municipality's or county authority's funds and the application thereof in the budget year. Reductions may, nevertheless, be made in earmarked grants for income belonging to the recipient. The requirement for authority in the budget at the time of payment does not apply to payments that the municipality or county authority is legally obliged to make.
2. The annual budget shall cover the whole of the activity of the municipality or county authority.
3. The annual budget shall be realistic. It shall be determined on the basis of the income and expenditures that the municipality or county authority may expect in the budget year.
4. The annual budget shall be set out in such a manner that its contents may be clearly ascertained. The municipal council's or county council's priorities, as well as the targets and premises on which the annual budget is based, shall be clearly apparent.
5. The annual budget shall be divided into an operating part and an investment part.
6. The budget shall provide for an operating surplus that is at least adequate to cover interest, instalments and necessary allocations.

7. The annual budget may set aside funds for use in later budget years.

8. The Ministry may issue further rules concerning the annual budget and the annual budget recommendation. These rules may contain requirements concerning overviews of the income and expenditures in respect of the overall activity of the municipality or county authority.

Amended by Acts No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 47. *Binding effect of the annual budget***

1. The grants made by the municipal council or county council in the annual budget are binding on subordinate bodies. This does not apply to payments that the municipality or county authority is legally obliged to make, cf. Section 46, first subsection, third sentence of this Act.

2. If any changes occur in the course of the budget year that may have significant consequences for the income and expenditures on which the annual budget is based, the chief executive, the chair of the municipal government or the chair of the county government shall notify the municipal council or county council.

3. If the municipal council or county council receives notification in pursuance of the second subsection of this Section, it shall make any necessary amendments to the budget. The same applies when it is in any other way made aware of matters that may mean significant failure in income or significant increase in expenditures in relation to the budget.

Amended by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 48. *The annual accounts and annual report***

1. Municipalities and county authorities shall for each calendar year produce annual accounts and an annual report.

2. The annual accounts shall cover all financial assets available for the year and the application of the said assets. All known income and expenditures in the year shall be included in the annual accounts for the year concerned, whether or not they have been paid when the accounts are closed. The annual accounts shall be kept in accordance with good local government accounting practice.

3. The municipal council and county council themselves adopt the annual accounts. The resolution shall be passed on the basis of a recommendation from the municipal executive board or county executive board. In the case of a parliamentary form of government, the municipal or county government shall make such recommendation as mentioned. The resolution must specify how any surplus in the accounts is to be applied or how any deficit is to be covered.

4. A deficit in the annual accounts that cannot be covered in the budget in the year in which the accounts are presented shall be carried over for cover in the budget for the following year. Under special circumstances, the municipal council and county council may, after having made the necessary amendments to the finance plan, resolve that the deficit shall be covered over a further period not exceeding two years. In instances where the social and financial consequences of the

municipality or county authority covering a deficit pursuant to the first and second sentences will be disproportionately large, the Ministry may authorise a resolution for the deficit to be covered over a period exceeding four years. However, a deficit cannot be covered over a period exceeding ten years.

5. The annual report shall provide information concerning matters of importance for judging the municipality's or county authority's financial situation and the result of its activity, which is not apparent from the annual accounts, as well as other matters of particular significance for the municipality or county authority. An account must also be provided concerning measures that have been implemented and measures for which implementation is planned to ensure a high ethical standard in the activities. An account must be provided concerning the actual situation as regards gender equality in the county authority or municipality. An account must also be provided concerning measures that have been implemented and measures for which implementation is planned to promote gender equality and to prevent discrimination in violation of the Gender Equality Act, as well as to promote the purpose of the Anti-Discrimination Act and Anti-Discrimination and Accessibility Act.

6. The Ministry may issue regulations with further rules relating to the annual accounts, the annual report and the keeping of accounts.

Amended by Acts No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000), No. 21 of 14 June 2002 (entry into force 1 January 2003 pursuant to Resolution No. 535 of 14 June 2002), No. 69 of 27 June 2008, No. 42 of 20 June 2008 (entry into force 1 January 2009 pursuant to Resolution No. 631 of 20 June 2008) and No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009).

#### **Section 49.** *Reporting by municipalities and county authorities*

1. Municipalities and county authorities have a duty to provide the Ministry with information at any time concerning use of resources and provision of services for use in national information systems.

2. The Ministry may issue regulations with further rules relating to how such information shall be produced, set up and submitted.

Amended by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

#### **Section 49a.** *Local Government Reporting Registry*

1. The Local Government Reporting Registry shall provide an electronic overview of the municipalities' and county authorities' overall reporting obligations pursuant to statutes or decisions made by state agencies. The Registry shall be an instrument for coordination and simplification. The Registry shall be kept up-to-date and contain a complete overview of and information regarding reporting obligations as mentioned in the first sentence of this subsection.

2. The Ministry is responsible for establishing, organising and operating the Local Government Reporting Registry. The Local Government Reporting Registry shall be managed by a registrar designated by the Ministry. The Ministry may stipulate detailed rules regarding the location of the Registry, as well as its content and how it shall be recorded.

3. Before new reporting obligations for municipalities and county authorities enter into force or existing reporting obligations are amended, the Ministry or an underlying agency shall notify the Local Government Reporting Registry. The reporting obligations cannot be implemented before they have been published in the Local Government Reporting Registry.

4. The Ministry may stipulate detailed rules regarding what information shall accompany the notification pursuant to the third subsection and regarding the Registry's handling thereof. The Ministry may also stipulate detailed rules regarding exceptions from the implementation prohibition in the third subsection, second sentence.

Added by Act No. 96 of 17 June 2005 (entry into force 1 January 2006 pursuant to Resolution No. 629 of 17 June 2005).

#### **Chapter 9.** *Liability for debts, etc.*

Heading amended by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

#### **Section 50.** *Raising loans*

1. Municipalities and county authorities may raise loans for the purpose of financing investments in buildings, installations and permanent operating equipment for its own use. A loan may only be raised to cover measures that have been included in the annual budget.

2. Municipalities and county authorities may raise a loan for the purpose of converting an older debt relating to a loan. Furthermore, a loan may be raised where this is essential to discharge liability for a guarantee.

3. Municipalities and county authorities may raise a loan to ensure full cover in terms of insurance practice in any pension scheme for its own employees where the municipality or county authority wishes to move the pension scheme from its own pension fund to an insurance company. The authority to raise a loan applies only if the lack of cover arose prior to 1 January 1998 and the loan must be deemed to be essential.

4. Municipalities and county authorities may raise a loan to ensure cover in terms of insurance practice in any pension scheme administered by an insurance company, where this is a requirement for becoming a party to the agreement on the transfer of accumulated superannuation rights, laid down in pursuance of Section 46 of Act No. 26 of 28 July 1949 (the Public Service Pension Fund Act). The authority to raise a loan applies only where the loan must be deemed to be essential.

5. Municipalities and county authorities may borrow by way of overdraft or enter into an agreement on the right to overdraw.

6. Municipalities and county authorities may borrow for the purpose of lending. A loan may be raised for the purpose of advancing money where an agreement for full repayment has been made. The condition is that recipients are not engaged in business activity and that the funds shall be used for investments.

7. The money owed on loans raised by municipalities and county authorities shall be repaid in the following manner:

- a. The total sum owed on loans raised by municipalities and county authorities in pursuance of the first and second subsections of this Section shall be repaid in equal annual instalments. The remaining period of the municipality or county authority's overall debt may not exceed the estimated life of the municipality or county authority's fixed assets at the end of the last calendar year.
  - b. The municipality's or county authority's overdraft or use of a right to overdraw pursuant to the fifth subsection of this Section shall have been paid off no later than when the annual accounts are determined. When the municipal council or county council decides that an accounting deficit shall be distributed, the period of the overdraft may be extended for a term corresponding to the maximum period for recovery of the deficit.
  - c. Any instalments received on sums lent or any repayments of money advanced pursuant to the sixth subsection of this Section shall be applied in full for the reduction or satisfaction of debt incurred as a result of borrowing by the municipality or county authority.
8. Municipalities and county authorities may raise a loan for their own lending fund. The provisions of this Section apply correspondingly to the use of lending funds.
9. A copy of a decision to raise a loan is to be sent to the Ministry for information. Municipal and county authority borrowing shall be subject to Ministry approval in such cases as are mentioned in Section 50 of this Act.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 49 of 26 June 1998, No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000) and No. 69 of 27 June 2008.

**Section 51.** *Guarantees and provision of security for the financial liabilities of others*

1. Any resolution to provide security or any other financial guarantee for activity that is conducted by others than the municipality or county authority itself, shall be approved by the Ministry.
2. No security or other financial guarantee may be provided in respect of business activity that is conducted by others than the municipality or county authority itself.
3. The Ministry may, through regulations, lay down further rules concerning guarantees. The regulations may also stipulate that guarantees that are of minor extent do not require state approval.
4. Municipalities and county authorities may not legally mortgage their property as security for the financial liabilities of others.

Amended by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 52.** *Treasury management*

1. The municipal council and the county council shall themselves issue rules for the municipality's or county authority's treasury management.
2. The Ministry may, through regulations, stipulate further rules concerning disposition of funds that entails financial risk.

3. Municipalities and county authorities shall administer their funds in such manner that a satisfactory return may be achieved, without entailing any significant financial risk, and with consideration for the fact that the municipality and county authority must have funds to meet their payment obligations when such payments fall due.

Amended by Acts No. 20 of 8 January 1993 and No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 53. *Set-off***

1. Any person who owes any tax, levy or fee to a municipality or county authority may not settle this by means of set-off.

2. A bank may never set off its claim on a municipality or county authority against the latter's deposit in the bank. However, this is no obstacle to entering into agreements on consolidated accounts with joint disposition of capital.

Amended by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 54. *Assignment of claims on taxes and levies***

A municipality's or county authority's claims for taxes and levies may not be assigned. The Ministry may grant dispensation from this prohibition.

**Section 55. *Levy of execution and attachment. Insolvency and debt settlement proceedings***

1. The assets of a municipality or county authority may not be the object of execution or attachment.

2. A municipality or county authority may not be declared insolvent or institute debt settlement proceedings pursuant to Act No. 58 of 8 June 1984 (the Insolvency Act).

Amended by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000).

**Section 56. *Resolution to stop payments. Appointment of supervisory board***

1. When, on account of difficulties that are not purely transitory, a municipality or county authority is unable to discharge debts that have fallen due, the municipal council or county council itself has a duty to pass a resolution to stop payments. Notification of any such resolution shall immediately be sent to the Ministry.

2. If no resolution is passed in pursuance of the first subsection of this Section, the Ministry may order stoppage of payments for the municipality or county authority concerned.

3. The Ministry sends out notification of stoppage of payments for publication in the press and in the Norwegian Gazette. If the municipality or county authority has established any municipal or county undertaking pursuant to Chapter 11 of this Act, the Ministry shall also send notification of stoppage of payments to the National Register of Business Enterprises.

4. When a decision has been passed to stop payments, the Ministry shall immediately appoint a supervisory board for the municipality or county authority. The supervisory board shall consist of the chair of the municipal council or the chair of the county council, the chief executive and three or more members appointed by the Ministry. If the municipality or county authority has a parliamentary form of government, it is represented instead by the chair of the municipal council or the chair of the county council and the chair of the municipal government or of the county government.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997) and No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999).

**Section 57.** *Payments after a resolution to stop payments*

1. As long as the stoppage of payments is in force, no payments shall be made without approval by or authorisation from the supervisory board. The following claims shall be covered preferentially:

- a. Expenses that are necessary for the municipality or county authority to fulfil obligations imposed upon it by statute in respect of individual persons.
- b. Claims for pay, pensions and other remuneration to employees of the municipality or county authority or to elected representatives holding full-time office, contributions which it is incumbent upon the municipality or county authority to make to the pay of other employees, and such claims as are mentioned in Sections 9-3 and 9-4 of the Creditors Security Act.
- c. Expenses which must be covered to avoid the danger of considerable financial loss or significant harmful effects.

Interest, the costs of recovery and the costs of the case have the same right as the principal claim.

2. The supervisory board decides in what order payments shall be made in respect of such claims as are mentioned in the first subsection, *litra* a through c of this Section, and of the covering of other claims, if there are funds available.

**Section 58.** *Preparation of revised annual budget and finance plan*

1. After the municipal council or county council has expressed its views, the supervisory board shall adopt a new finance plan and a new annual budget for the municipality or county authority.

2. The finance plan and the annual budget shall be sent to the Ministry for approval. The Ministry may make amendments to the finance plan and the annual budget, if this is deemed to be necessary by reason of consideration for the future financial situation of the municipality or county authority.

3. The stoppage of payments ceases and the supervisory board is dissolved at such time as the Ministry has approved the finance plan and the annual budget.

4. The Ministry shall approve amendments to the finance plan in the current year and resolutions on the finance plan and amendments thereto for the next three subsequent years. During the same period of time, the Ministry may also make amendments to the finance plan and the annual budget, where this is deemed to be necessary by reason of consideration for the future financial situation of the municipality or county authority.

**Chapter 10. Review of legality. State approval of financial obligations**

Heading amended by Acts No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004) and No. 90 of 15 December 2006 (entry into force 1 March 2007 pursuant to Resolution No. 1427 of 15 December 2006).

**Section 59. Review of legality, duty to provide information, etc.**

1. Three or more members of the municipal council or county council may together bring a decision made by a popularly elected body or the municipal or county authority before the Ministry for review of the legality of the decision. The same applies to decisions regarding whether meetings are to be open to the public or held in camera, cf. Section 31 of this Act, and decisions concerning conflicts of interest. Decisions relating to appointment, dismissal with due notice or summary dismissal are not subject to legality review. Questions concerning potential breach of provisions stipulated in or pursuant to Act No. 69 of 16 July 1999 relating to public acquisitions are also not subject to legality review.
2. An application for review of legality is presented to the body that has made the decision in question. If this body upholds the decision, the case is sent to the Ministry.
3. An application for review of legality does not entail that implementation of the appealed decision shall be postponed, unless the body that has made the decision, a municipal or county body superior to this body, or the Ministry so decides.
4. The review of legality shall determine whether the decision
  - a. is lawful in terms of content,
  - b. was made by a person or persons empowered to make such a decision, and
  - c. came into being in a lawful manner.

The Ministry shall annul the decision if such errors have been made that render it invalid.

5. The Ministry may, on its own initiative, take a decision up for review of legality.
6. The Ministry may demand that the municipality and county authority shall provide information relating to individual matters or aspects of the activity of the municipality or county authority. The Ministry has the right to inspect all municipal and county authority working documents.
7. The Ministry lays down further rules governing the time limits for applications for review of legality.

Amended by Acts No. 8 of 10 January 1997 (entry into force 1 March 1997), No. 88 of 19 June 2009 (entry into force 1 July 2009 pursuant to Resolution No. 840 of 19 June 2009) and No. 25 of 11 May 2012 (entry into force 1 July 2012 pursuant to Resolution No. 413 of 11 May 2012).

**Section 60. State review and approval of financial obligations**

1. Any resolution to raise a loan or any resolution to enter into a long-term contract for the lease of buildings, installations and permanent operating equipment that may cause the municipality or



county authority to incur expenses extending beyond the next four budget years is not valid until it has been approved by the Ministry, if:

- a. the municipal council or county council has decided to adopt an annual budget where the budget does not provide cover for all expenses,
- b. the municipal council or county council has decided to adopt a finance plan where the finance plan does not provide cover for all expenses,
- c. the municipal council or county council has, in pursuance of Section 48, fourth subsection of this Act, decided that an accounting deficit shall be distributed over the following budget year after the accounts have been presented, or
- d. the municipality or county authority does not follow the adopted plan for the covering of deficits.

2. If any of the conditions in the first subsection, litra (a) through (d) of this section are satisfied, the Ministry shall review the legality of the budget resolution passed by the municipal council or county council.

3. The Ministry shall establish a register of all municipalities and county authorities that are subject to approval. Any person has the right to familiarise himself/herself with what is registered in the Registry, and to obtain a transcript thereof.

4. Until the individual municipality or county authority is registered in the Registry, the Ministry may not implement approval in pursuance of the first subsection of this Section. In relation to rules of law wherein it is decisive for the legal position of a third party whether the party was aware of or was not aware of a matter, a third party is deemed to be familiar with what is registered in pursuance of this provision.

5. Municipalities and county authorities that enter into contracts that require approval must inform their co-contractors that they have been made subject to conditional review and approval.

Added by Act No. 71 of 7 July 2000 (entry into force 1 January 2001 pursuant to Resolution No. 730 of 7 July 2000) and amended by Acts No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004), amended the section number from Section 59a, while at the same time repealing the previous Section 60, No. 85 of 29 June 2007, No. 69 of 27 June 2008 and No. 4 of 9 January 2009.

#### **Chapter 10 A. State supervision of the municipality or county authority**

Heading added by Act No. 90 of 15 December 2006 (entry into force 1 March 2007 pursuant to Resolution No. 1427 of 15 December 2006).

##### **Section 60a. *Area of application for this chapter***

State supervision of the municipalities' or county authorities' fulfilment of duties stipulated in or in pursuance of statutes shall take place according to the rules in this Chapter, unless legislation stipulates otherwise.

The rules in this Chapter are limited to supervision of duties imposed only on municipalities or county authorities. The provision in Section 60 e of this Act shall still apply for all state supervision vis-à-vis a municipality or county authority.

Added by Act No. 90 of 15 December 2006 (entry into force 1 March 2007 pursuant to Resolution No. 1427 of 15 December 2006).

**Section 60b. *Supervision of legality***

The County Governor may supervise the legality of the municipality's or county authority's fulfilment of duties stipulated in or in pursuance of statutes where the Ministry is given statutory authority to conduct supervision.

Added by Act No. 90 of 15 December 2006 (entry into force 1 March 2007 pursuant to Resolution No. 1427 of 15 December 2006).

**Section 60c. *Right of access***

As the regulatory authority pursuant to this Chapter, the County Governor may require the municipality or county authority to provide information regarding individual cases or aspects of the activities of the municipality or county authority. The County Governor has the right to access all municipal and county authority case files and may require municipal or county authority bodies, elected officials and employees, irrespective of confidentiality, to provide the information and notifications necessary for the County Governor to conduct supervision pursuant to this Chapter. The County Governor may also require access to all municipal or county authority institutions, premises and installations that are necessary for the County Governor to conduct supervision pursuant to this Chapter.

The first subsection applies correspondingly vis-à-vis other legal entities that conduct municipal or county authority tasks on behalf of municipalities or county authorities.

Added by Act No. 90 of 15 December 2006 (entry into force 1 March 2007 pursuant to Resolution No. 1427 of 15 December 2006).

**Section 60d. *Orders***

The County Governor may order the municipality or county authority to remedy circumstances that are in violation of the provisions according to which the County Governor conducts supervision pursuant to Section 60 b.

Before an order is issued, the municipality or county authority shall be given a reasonable deadline to remedy the matter.

Before the County Governor or other State supervisory authority issues orders or other sanctions against a municipality or county authority, the supervisory authority shall assess the effects these may have on the municipality or county authority's other activities.

The rules in Chapters IV, V and VI, as well as Sections 41 and 42 of the Public Administration Act, apply correspondingly for cases concerning orders pursuant to this provision.

Added by Act No. 90 of 15 December 2006 (entry into force 1 March 2007 pursuant to Resolution No. 1427 of 15 December 2006).

**Section 60e. *Coordinating the supervisory activity***

The County Governor shall coordinate the practical aspects and use of reactions in the event of State supervision vis-à-vis the municipality or county authority.

All supervisory authorities shall inform the County Governor concerning audit plans and notifications of order or other sanctions with significant effects on the municipality or county authority. Supervisory authorities that are designated as coordinating authorities for supervision shall inform the County Governor concerning the coordinated audit plan.

Before orders or other sanctions with significant effects on the municipality or county authority are decided, the supervisory authority shall, insofar as possible, have a dialogue with the municipality or county authority concerning the sanctions and the municipality's or county authority's follow-up. The municipality or county authority is obliged to participate in this dialogue.

Added by Act No. 90 of 15 December 2006 (entry into force 1 March 2007 pursuant to Resolution No. 1427 of 15 December 2006).

## **Chapter 11. Municipal and county authority undertakings**

Heading added by Act No. 102 of 22 December 1999.

### **Section 61. *Area of application for this chapter***

This Chapter applies to any municipal and county authority undertaking. Any municipal or county authority undertaking is a part of the municipal or county authority that the municipal council or county council has decided shall be organised as a municipal or county authority undertaking.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

### **Section 62. *Establishing a municipal or county authority undertaking***

1. The municipal council or county council shall itself pass a resolution on the establishment of a municipal or county undertaking, and as part of such proceedings it shall elect the board and lay down the memorandum of association for the undertaking. Municipal and county authority undertakings shall be registered in the National Register of Business Enterprises.

2. In municipal and county authorities with a parliamentary form of government, the municipal council or county council itself may decide that the municipal or county government shall elect the board. Where such a decision has been made, the municipal or county government takes the place of the municipal council or county council in relation to the remaining provisions of this Chapter, with the exception of Section 63.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof, and amended by Act No. 18 of 16 April 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1099 of 22 October 1999).

### **Section 63. *Memorandum of association***

1. The undertaking shall have a memorandum of association which, as a minimum requirement, shall specify:

- a. the registered name of the undertaking
- b. the purpose of the undertaking
- c. the municipality in which the undertaking is to have its registered office
- d. the number of members of the board
- e. any other matter which, subject to statute, requires provision in the memorandum of association.

2. Any amendment of the memorandum of association is resolved by the municipal council or county council itself.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof, and amended by Act No. 91 of 5 April 2003 (entry into force 1 March 2003 pursuant to Resolution No. 1118 of 5 September 2003).

**Section 64.** *Management of a municipal and county authority undertaking*

The undertaking is managed by a board and a general manager.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 65.** *Composition of the board*

1. The undertaking shall have a board with no less than three members.
2. The general manager, members of the municipal government, members of the county government, the chief executive or his/her alternate, may not be a member of the board.
3. The board is elected by the municipal council or county council itself. A majority of the employees in the undertaking may demand that up to one-fifth of the members of the board with alternates are to be elected among the employees. Representatives of the employees do not have the right to take part in the transaction of business concerning the employer's preparation for negotiations with employees, industrial disputes, legal disputes with employees' trade unions or notice of termination of collective agreements. If the undertaking has the authority to make an individual decision or to lay down regulations, cf. Section 2 of the Public Administration Act, the employees' representatives on the board shall not take part in the transaction of such business. The King may issue supplementary regulations concerning the employees' right to representation on the board, which apply if the memorandum of association provides the employees with representation on the board. Such regulations may contain rules relating to the right to vote and eligibility, the method of election, the resolution of disputes concerning the election, and the relinquishment of office as a member of the board.
4. The board shall have a chair and deputy chair who are elected by the municipal council or county council itself.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof, and amended by Act No. 88 of 19 June 2009 (entry into force 1 January 2010 pursuant to Resolution No. 840 of 19 June 2009).

**Section 66.** *Term of office for the members of the board*

1. Members of the board are elected for a term of office of two years unless otherwise provided in the memorandum of association. The term of office may not be set at any term exceeding four years.
2. Where special circumstances are present, a member of the board has the right to retire before his or her term of office is over.
3. The municipal council or county council itself may at any time conduct a new election for those members who are elected by the municipal council or county council.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 67. Powers of the board**

1. The undertaking is managed by the board, which is empowered to make decisions in all matters concerning the undertaking and its activity. The board ensures that the activity is conducted in accordance with the purpose of the undertaking, the memorandum of association, the finance plan and annual budget of the municipality or county authority, and other resolutions or guidelines laid down by the municipal council or county council.
2. The powers of the board in pursuance of the first subsection of this Section also include the power to establish and to discontinue posts and to make decisions in personnel matters, insofar as no other provisions are made in the memorandum of association.
3. The board shall monitor the general manager's management of the activity.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 68. Board meetings**

1. The chair of the board ensures that the board holds meetings as often as is required. Any member of the board and the general manager may demand that the board be summoned. If the board in the individual instance does not decide otherwise, the general manager has the right to attend and speak at meetings of the board.
2. The chair of the board calls meetings of the board. The summons shall be sent out with reasonable advance notice, and as far as possible, it shall contain an agenda.
3. The board has a quorum when no fewer than half the members are present.
4. Meetings of the board are presided over by the chair or, in his or her absence, by the deputy chair. If neither of these is present, a person shall be elected to preside over the meeting.
5. Meetings of the board are held in camera unless otherwise provided by the municipal council or county council in the memorandum of association. If meetings of the board are open, a meeting shall nevertheless be conducted in camera if the board is to deal with information that is subject to a statutory duty of confidence. Section 31 applies correspondingly.
6. Unless otherwise stipulated in the memorandum of association, what the majority of those present at the meeting have voted for counts as the decision of the board. Those who vote for a

motion must nevertheless constitute more than one-third of the total number of board members for the motion to be deemed adopted. In the event of a tie vote, the person presiding over the meeting has a casting vote.

7. In the case of appointments the person who has received more than half of the votes cast is appointed. If no person receives such a majority, a new ballot is conducted. In the second ballot, the person appointed is the one who receives most votes. In the event of a tie vote, the person presiding over the meeting has a casting vote. Each individual member of the board may demand a written ballot.

8. The board may, provided all members are present, pass a resolution on a matter that is not on the agenda. A resolution to take up such an item of business for transaction must be passed unanimously. Before the board transacts this item of business, the chief executive shall be notified. Where a parliamentary form of local government has been introduced, the municipal or county government shall be notified.

9. Minutes of meetings shall be recorded. The minutes shall be signed by all members of the board who are present at the meeting. Any member of the board or the general manager who disagrees with the decision of the board may demand to have his or her views recorded in the minutes.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof, and amended by Acts No. 18 of 16 April 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1099 of 22 October 1999) and No. 1 of 14 January 2011 (entry into force 1 July 2011 pursuant to Resolution No. 38 of 14 January 2011).

**Section 69.** *Resolutions that must be approved by the municipal or county council*

The memorandum of association may stipulate that the board's resolutions must, in specific cases, be approved by the municipal council or county council itself in order to be binding on the municipality or county authority. Such a provision in the memorandum of association may only be invoked in relation to a third party where the provision in the memorandum of association has been registered in the National Register of Business Enterprises, or the third party was aware, or should have been aware, of the provision in the memorandum of association. If the contract has been fulfilled wholly or partly, what has been performed or, where this is not possible, the economic value of what has been performed, shall be restored.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 70.** *General manager*

The undertaking shall have a general manager. The general manager is appointed by the board. The power of appointment may in the memorandum of association be given to the municipal council or municipal executive board, or as the case may be, to the county council or the county executive board. In municipalities and county authorities with a parliamentary form of government, the power of appointment may be given to the municipal government or county government.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof, and amended by Act No. 18 of 16 April 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1099 of 22 October 1999).

**Section 71. Powers of the general manager**

1. The general manager is in charge of the day-to-day management of the undertaking. The general manager is directly subordinate to the board and shall follow the guidelines and orders that the board issues.
2. The general manager shall ensure that the keeping of accounts by the undertaking is in conformity with statutes and regulations, and that asset management is carried out in a satisfactory manner.
3. The day-to-day management does not include matters which, in view of the circumstances of the undertaking, are of an unusual nature or of great importance. Such matters can only be decided by the general manager where the board in the individual instance has empowered the general manager to make such a decision, or it is not possible to wait for the board's decision without significant inconvenience to the undertaking or to the municipality or county authority as a whole. The board shall, in such cases, be informed of the matter as soon as possible.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 72. Relationship to the general administration of the municipality or county**

1. Within the board's area of authority, the chief executive does not have the power of instruction or reversal in respect of the general manager of the undertaking. The chief executive may nevertheless instruct the management of the undertaking to the effect that the implementation of a matter shall be postponed until the municipal council or county council has dealt with the matter.
2. Before the board passes a resolution on a matter that shall be dealt with by the municipal council or county council, the chief executive shall have been given the opportunity to express an opinion on the matter. The chief executive's statement shall be put before the board when it deals with the matter.
3. In municipalities or county authorities in which a parliamentary form of government has been introduced, the powers of the chief executive in pursuance of the second sentence of the first subsection of this Section are vested in the chair of the municipal government or county government. If the members of the board have managerial responsibility, the powers are vested in the person who has managerial responsibility for the undertaking.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 73. Representation**

1. The board represents the undertaking vis-à-vis outside parties. It enters into agreements on behalf of the municipality or county authority within the purposes of the undertaking.

2. The board may give a member of the board or the general manager the power to act as its agent subject to the first subsection of this Section. The memorandum of association may limit the board's power pursuant to the first sentence of this subsection and also itself contain provisions concerning such authority to act as an agent as is mentioned therein.

3. The general manager represents the undertaking vis-à-vis outside parties in matters that fall within the powers of the general manager pursuant to Section 71 of this Act.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 74.** *Representation by an agent acting ultra vires*

If any person acting as an agent of the undertaking vis-à-vis outside parties has on behalf of the undertaking acted ultra vires, the said act is not binding on the municipality or county authority if the co-contractor realised or should have realised that the act was ultra vires, and it would therefore be contrary to the duty to act fairly to enforce the dispositive act.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Section 75.** *Regulations concerning annual accounts in pursuance of the Accounting Act*

The Ministry may, through regulations, impose on individual undertakings or types of undertakings, a duty to keep accounts pursuant to the Accounting Act in addition to, or in lieu of, keeping them in accordance with local government principles, and it may hereunder issue such provisions as are necessary to bring their keeping of accounts into line with the provisions of that Act concerning the financial management of undertakings.

Added by Act No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof.

**Chapter 12. Internal supervision and control. Audits**

Heading added by Act No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

**Section 76.** *Supervisory responsibility of the municipal and county council*

The municipal council and county council exercise the highest level of supervision of municipal and county authority management, and may demand to have any matter placed before them for information or decision. They may reverse any decision made by other popularly elected bodies or the administration to the same extent that these would be able to reverse the decision themselves. The municipal council and county council shall ensure that the municipality and county authority accounts are audited in a satisfactory manner.

Added by Act No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

**Section 77.** *Control committee*



1. The municipal council and county council themselves elect a control committee to be responsible for the continuous supervision of municipal and county authority management on their behalf. The committee shall have no less than three members. The municipal council and county council themselves elect the members and the alternates to the committee, and from among the members the chair and deputy chair. At least one of the members of the committee shall be elected from among the members of the municipal council or county council. The chair of the committee has the right to attend and speak at meetings of the municipal council or county council when the committee's business is being transacted.
2. Ineligible for election are the chair of the municipal council, the chair of the county council, the deputy chairs, members and alternates of the municipal executive board and county executive board, members and alternates of a municipal or county board with the power to make decisions, members of the municipal government or county government and employees of the municipality or county authority.
3. The municipal council and county council may, at any time, conduct new elections of the committee's members.
4. The control committee shall ensure that the accounts of the municipality or county authority are audited in a satisfactory manner. The control committee shall further ensure the monitoring of whether the financial management is being conducted in conformity with current provisions and resolutions, and that systematic assessments of finances, productivity, goal achievement and effects are carried out in light of the resolutions and presuppositions of the municipal council or county council (performance audit).
5. The control committee shall ensure the monitoring of the administration of the municipality's or county authority's interests in partnerships, etc.
6. The control committee shall report the results of its work to the municipal council or county council. Before a matter is reported to the municipal council or county council, it shall be submitted to the chief executive for comment.
7. The control committee may, notwithstanding any duty of secrecy, demand from the municipality or county authority any piece of information, report or document whatsoever, and undertake such investigations as it finds necessary in order to carry out its tasks.
8. The meetings of the control committee are held in camera unless otherwise decided by the committee itself. Where the meeting is open, the doors shall nevertheless be closed if the committee is to deal with information that is subject to a statutory duty of secrecy. The third subsection of Section 31 of this Act applies correspondingly.
9. The municipality's and county authority's auditor has the right to attend and speak at meetings of the control committee.
10. The municipal council and county council shall ensure the provision of secretarial assistance for the control committee.

11. The Ministry may issue regulations with further provisions concerning the control committee's tasks and procedure, etc.

Added by Act No. 113 of 12 December 2003 (entry into force 1 July 2004, however the first subsection, third sentence shall commence on 1 November 2007 pursuant to Resolution No. 915 of 18 June 2004) and amended by Act No. 1 of 14 January 2011 (entry into force 1 July 2011 pursuant to Resolution No. 38 of 14 January 2011).

#### **Section 78. Audits**

1. Audits of municipal and county authority activity shall be conducted in accordance with good local government auditing practice.
2. The auditing work shall include the accounting audit and performance audit.
3. The municipal council or county council itself decides whether the municipality or county authority shall appoint its own auditors, participate in local authority co-operation on auditing, or enter into a contract with another auditor. The resolution is passed on the basis of a report from the control committee.
4. The municipal council or county council itself chooses its auditor. The resolution is passed on the basis of a report from the control committee.
5. The municipality's or county authority's auditor shall report the results of his/her audit and scrutiny to the control committee.
6. The auditor may, notwithstanding any duty of secrecy, demand from the municipality or county authority any piece of information, report or document whatsoever and undertake such investigations as it finds necessary in order to carry out his/her tasks.
7. Unless it follows from the tasks of the audit under this Act or regulations issued in pursuance of the eighth subsection of this Section, or the person the information concerns has agreed that the duty of secrecy shall not apply, an auditor has a duty to preserve secrecy in respect of matters of which he/she becomes aware in performing his/her work for the municipality or county authority.
8. The Ministry may issue regulations concerning audits.

Added by Act No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

#### **Section 79. Auditor independence**

Whosoever conducts an audit for a municipality or county authority may not take on auditing or scrutinising commissions for the municipality or county authority if the auditor or those who are closest to him have such a connection with audited or scrutinised activity, the authority's employees or office-holders that this may weaken the auditor's independence and objectivity. The same applies if there are special circumstances that are conducive to weakening the auditor's independence and objectivity in the performance of his tasks. Appointment as an auditor in the municipality or county authority, or in a municipal or county authority collaboration scheme, does not in itself entail that the auditor lacks the necessary independence and objectivity.

The following are considered to be closely related

- a) spouse and a person with whom the person concerned lives together in a marriage-like relationship
- b) relatives in directly ascending or descending line and siblings, and their spouses or persons with whom they live together in a marriage-like relationship and
- c) relatives in directly ascending or descending line and siblings of any such person as is mentioned under litra a) above.

The Ministry may issue regulations with further provisions concerning the independence of the auditor.

Added by Act No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

#### **Section 80. Supervision of undertakings**

In local authority partnerships under Act No. 6 of 29 January 1999 and in limited liability companies where one municipality or county authority alone or together with other municipalities or county authorities owns all the shares, and in wholly owned subsidiaries of such companies, the municipality's or county authority's control committee and auditor have the right to demand such information as is found necessary for their inspection, both from the general manager of the undertaking as well as from the board and chosen auditor of the undertaking. To the extent that this is found necessary, the control committee and the auditor of the municipality or county authority may themselves conduct investigations in the undertaking.

The municipal council or county council may lay down rules concerning the control committee's and the auditor's scrutiny of the management of the municipality's or county authority's interests in the undertaking and in so doing lay down what documents, etc., shall be sent to the control committee and auditor of the municipality or county authority.

The control committee and the municipality's or county authority's auditor shall be notified of and have the right to attend the general meeting of the undertaking, as well as meetings of the committee of shareholders and corresponding bodies.

Added by Act No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

#### **Chapter 12 A. Limited companies in which municipalities or county authorities own at least two-thirds of the company. Representation of both genders on the board**

Chapter added by Act No. 91 of 19 June 2009 (entry into force 1 January 2010 pursuant to Resolution No. 1385 of 20 November 2009).

#### **Section 80a. Representation of both genders on the board**

1. The rules in Section 20-6 of the Limited Liability Companies Act concerning representation of both genders on the board applies correspondingly for limited liability companies in which municipalities or county authorities own no less than two-thirds of the company's shares. The Ministry may lay down regulations for the rules in the first sentence of this subsection to also apply for limited liability

companies in which municipalities or county authorities own less than two-thirds, when the rest of the company is owned by the State or companies that are directly or indirectly wholly owned by the State.

2. So as to facilitate that the election fulfils the requirements in the first subsection of this Section, the Ministry may lay down regulations concerning the actual execution of the election of board members elected by and from the employees, cf. Section 6-4 of the Limited Liability Companies Act, also potentially including companies as mentioned in the second sentence of the first subsection of this Section.

Added by Act No. 91 of 19 June 2009 (entry into force 1 January 2010 pursuant to Resolution No. 1385 of 20 November 2009, but such that, in companies founded and registered in the Register of Business Enterprises prior to 1 January 2010, the board shall be composed pursuant to this Section no later than two year after this date).

### **Chapter 13. Entry into force. Transitional provisions. Repeals and amendments in respect of other Acts**

Heading amended by Acts No. 5 of 29 January 1999 (previously Chapter 11, entry into force 1 Jan 2000 pursuant to Resolution No. 1097 of 22 October 1999), see Chapter VII thereof and No. 113 of 12 December 2003 (previously Chapter 12, entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004).

#### **Section 81. *Entry into force. Transitional provisions***

1. This Act enters into force from such date as the King decides.<sup>1</sup> The following are repealed from the same date

- Act No. 1 of 12 November 1954 concerning the government of rural and urban authorities.
- Act No. 1 of 16 June 1961 concerning county authorities.
- Act No. 85 of 21 June 1985 (Provisional Act concerning experimentation with special administration systems in municipalities and county authorities).

2. Until the entry into force of the new electoral term in the autumn of 1995, the following transitional provisions apply:

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3. ---

4. Otherwise, the King may issue the provisions that are necessary, and to the extent that is necessary depart from provisions in the present Act.

1: On 1 January 1993 pursuant to Resolution No. 865 of 27 November 1992.

Amended by Acts No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), amended the section number from Section 61, No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004), amended the section number from Section 76 and No. 4 of 7 January 2005, amended the section number from Section 82. Commencement 1 January 1993 pursuant to Resolution No. 865 of 27 November 1992.

#### **Section 82. *Amendment of other Acts***

From the date on which this Act enters into force the following amendments are made in other Acts: — — —

Amended by Acts No. 5 of 29 January 1999 (entry into force 1 January 2000 pursuant to Resolution No. 1097 of 22 October 1999), amended the section number from Section 62, No. 113 of 12 December 2003 (entry into force 1 July 2004 pursuant to Resolution No. 915 of 18 June 2004), amended the section number from Section 77 and No. 4 of 7 January 2005, amended the section number from Section 83.