



LOCAL Policies for GREEN Energy – LOCAL4GREEN

Priority Axis 2: Fostering low-carbon strategies and energy efficiency in specific MED territories: cities, islands and remote areas

Specific Objective 2.2: To increase the share of renewable local energy sources in energy mix strategies and plans in specific MED territories

International Handbook on green local fiscal policy models

Project Partner in charge: PP6 MUSOL foundation

Project partners involved: -

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1. Introduction

1.1. Background. Description Local Policies for Green Energy Project

The project LOCAL4GREEN aims to support local authorities to define and implement local fiscal policies, and specifically green taxation, to promote renewable energy sources (RES) and energy efficiency measures in their local areas. The LOCAL4GREEN project is co-funded by Interreg MED (2014-2020) and has been running since November 2016.

The project supports local authorities to define and implement local fiscal policies intended to promote renewable energy sources in all sectors (public, private, households), mainly in the framework of the SEAPs (Sustainable Energy Action Plans submitted under the 2020 Covenant) and SECAPs (Sustainable Energy and Climate Action Plans to be submitted under the 2030 Covenant) adopted by the signatories of the Covenant of Mayors.

By the beginning of March 2019, the Covenant was signed by 7,755 cities/municipalities (number of inhabitants – 252,629,868) and the interest of other cities for joining is extremely high. Covenant of Mayors Initiative spread beyond European borders and expanded to the entire world. Beside more than 4,500 European cities the Covenant was also signed by the Mayors of municipalities of Argentina, New Zealand, Palestinian Territories, etc.

The project LOCAL4GREEN is funded by the European Regional Development Fund and the Instrument for the Pre-Accession Assistance in the framework of the Interreg MED 2014-20 programme. The project is led by the Valencia Federation of Municipalities and Provinces. The project LOCAL4GREEN is being implemented in the rural zones and islands of the MED region, where local fiscal policies play a crucial role in order to raise the share of renewable energy sources.

The project addresses the Priority Axis 2: Fostering low-carbon strategies and energy efficiency in specific MED territories: cities, islands and remote areas, and the Specific Objective 2.2: To increase the share of renewable local energy sources in energy mix strategies and plans in specific MED territories: rural areas and islands. In these kinds of territories, where local authorities have economical and technical constraints, renewable energy sources promotion plans should prioritize collaboration and active roles for public and private sectors.

There are currently (implementing a pilot experience) 10 project partners from nine different countries/regions of the Mediterranean area:

- Albania
- Croatia
- Cyprus
- Greece
- Italia
- Malta
- Portugal
- Slovenia
- Spain

The pilot includes the participative design, implementation, monitoring and evaluation of local fiscal policies to promote renewable energy sources. The pilot is included in the Work Package 3 “Testing” of the project, led by the MUSOL foundation.

Once concluded, the phases of designing, implementation and monitoring of the fiscal policies as well as the evaluation of the pilots and the fiscal policies of each partner have been outlined in a national handbook on green local fiscal policy models. The national handbooks have been

used by the MUSOL foundation to prepare this international handbook on green local fiscal policy models to promote RES.

1.2. About this document: main objectives and characteristics of the international handbook

The International Handbook on green local fiscal policy models corresponds to a summary document of the work that has been developed by the different countries partners. The project is thus being developed in close collaboration with all the municipalities that are part of the project.

The International Handbook on green local fiscal policy models intends to summarize the green local fiscal policies that were designed with the municipalities of the different countries, and respective implementation proposal. The main sources of information for the elaboration of the international handbook were the evaluation reports of the pilot fiscal policies as well as information provided by the municipalities in the context of presentation and discussion meetings of the evaluation reports.

This international handbook is elaborated in order to support other following municipalities in implementing innovative local fiscal policies that aim to promote renewable energy sources.

The objectives of the international handbook on green local fiscal policy models are to:

- Outline policy models transferrable at a national level, based on pilots' experiences and best practices.
- Provide national decision makers with all information (legal, economical, technical, etc.) needed to implement the green local fiscal policy models in other municipalities.
- Provide the project with best practices on green local fiscal policies to be included in an international handbook and transferred at international level.
- Outline a comparative study of national regulation to facilitate transferring for decision makers.

The main sources of information for the elaboration of the international handbook are the national handbooks; the structures of contents of the national and international handbooks are totally complementary. The national handbooks were provided by each project partner.

1.3. Main target groups:

The main target groups of the international handbook are:

- Local authorities' employees and decision makers
- Consultants specialized in public management
- National and regional authorities decision makers
- Other stakeholders interested in the promotion and advocacy for renewable energy sources

1.4. Partners

The project partners are (figure 1):

- Valencian Federation of Municipalities and Provinces (VFMP), Lead Partner, and MUSOL Foundation (MUSOL), from Spain
- Malta Intelligent Energy Management, MIEMA, from Malta.
- North-West Croatia Regional Energy Agency, REGEA, from Croatia.
- Development Agency of Eastern Thessaloniki's Local Authorities, Centre for the Development of Human Resources and the Support of Local Economy (ANATOLIKI S.A), from Greece.
- National Association of the Italian Municipalities – Lazio (ANCI LAZIO), from Italy.
- Building and Civil Engineering Institute ZRMK (GI ZRMK), from Slovenia.
- Cyprus Energy Agency (CEA), from Cyprus.
- University of Algarve (UAAlg), from Portugal.
- Association of Albanian Municipalities (AAM), from Albania.



Figure 1. LOCAL4GREEN countries.

The LOCAL4GREEN project also has associated partners, namely:

- Gozo Development Agency – Gozo Regional Committee (GDA) – Malta;
- Municipality of Kamnik – Slovenia;
- Local Energy Agency of Gorjenska – Slovenia;
- Municipality of Kocevje – Slovenia;
- Regional Agency of Energy and Environment of the Algarve (AREAL) – Portugal;
- Municipality of Loulé – Portugal;
- Municipality of Faro – Portugal;
- Interdepartmental Centre for Research and Dissemination of Renewable Energy – University of Tuscia (CIRDER) – Italy;
- Municipality of Formello – Italy;
- Municipality of Olevano Romano – Italy;
- Business Innovation Centre of Valencia – Spain;
- Lakatamia Municipality – Cyprus;
- Nicosia Municipality – Cyprus;
- Aradippou Municipality – Cyprus;
- Community Council of Lythrodontas - Cyprus;
- Municipality of Thermi – Greece;
- Ribera Consortium (RIBERA) – Spain.

2. Description of the 9 Mediterranean countries

2.1. Albania

Albania, officially the Republic of Albania, is a country in Southeast Europe on the Adriatic and Ionian Sea within the Mediterranean Sea. It shares land borders with Montenegro to the northwest, Kosovo to the northeast, North Macedonia to the east, Greece to the south and a maritime border with Italy to the west (Figure 2).



Figure 2. Albania (Source: [Lonely Planet](#))

Main info¹:

Population (2018): 2.862.427

Area: 28.750 Km²

Capital: Tirana

Currency: Leks

Languages: Albanian

Form of government: Parliamentary republic

Albania is an official candidate for membership in the European.

In this country, the work has been carried out by the Albanian Association of Municipalities, as a project partner, and has been developed on three pilot municipalities:

- Lezha
- Vau i Dejës
- Kukës

The results achieved in these municipalities will be distributed by the Association of Municipalities in all other municipalities.

¹ <https://datasmacro.expansion.com/paises/albania>

Lezhë Municipality

Lezha is bordered to the north with the municipalities of Vau i Dejes and Puka, west of the Adriatic Sea, in the east with the Municipality of Mirdita and in the south with the Municipality of Kurbin. The city of Lezha is the administrative center of the municipality.

This municipality consists of 10 administrative units, which are: Lezha, Shëngjini, Zejmeni, Shënkolli, Balldreni, Kallmeti, Blinishti, Dajçi, Ungreji dhe Kolshi. All these units are currently part of the district of Lezha and of the same district. The municipality has under its administration two cities (Lezha and Shengjin) and 65 villages.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	28 July 2017

Vau i Dejës Municipality

The municipality of Vau-Dejë is bordered to the north and west by the Municipality of Shkodra, in the east with the Municipality of Fushë-Arrëz, while in the south with the Municipalities of Puka and Lezha. The center of this municipality is the town of Vau i Dejes.

It consists of 6 administrative units, which are: Vau Dejes, Bushat, Vig-Mnele, Hajmel, Temal and, Shllak. All administrative units are currently part of the district of Shkodra and part of the same district. The municipality has under its administration a city and 47 villages. The municipality of Vau i Dejes has 5 administrative units, which deal mainly with agriculture, while the area has considerable water resources.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	20 July 2017

Kukës Municipality

Kukes is bordered to the north by Krumë Municipality, west with the Mirdita and Fushë-Arrëz municipalities, in the south with the Municipality of Dibër and in the east with the Republic of Kosovo and Macedonia. The center of this municipality is the city of Kukes.

This municipality consists of 15 administrative units, which are: Kukesi, Malzi, Bicaj, Ujmisht, Tërthore, Shtiqën, Zapod, Shishtavec, Topojan, Bushtricë, Grykë-Çajë, Kalis, Surroj, Arrën dhe Kolsh. All administrative units are currently part of the Kukes district and part of the same district. The municipality has under its administration a city and 87 villages.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	25 July 2017

2.2. Croatia

Croatia is a country at the crossroads of Central and Southeast Europe, on the Adriatic Sea. It borders Slovenia (northwest), Hungary (northeast), Serbia (east), Bosnia and Herzegovina and Montenegro (southeast), sharing a maritime border with Italy. Zagreb is the capital and the largest city of Croatia (Figure 3).



Figure 3. Croatia (Source: [Lonely Planet](#))

Main info^{2 3}:

- Population (2018):** 4.076.246
- Area:** 56.590 km²
- Capital:** Zagreb
- Currency:** Croatian kuna (HRK)
- Languages:** Croatian
- Form of government:** Parliamentary republic

Croatia is part of the European Union since 1 July 2013.

North-West Croatia Regional Energy Agency (REGEA) has tested green local fiscal policies intended to promote renewable energy sources in five pilots:

- Municipality of Brdovec
- City of Jastrebarsko
- City of Klanjec
- City of Dugo Selo
- City of Pregrada

Municipality of Brdovec

Brdovec is a town and a municipality in the Zagreb County, Croatia. The majority of settlements and commercial entities are found in the central part of the municipality, along the main transport corridor Zagreb–Ljubljana. The northern part is made up of gentle hills covered in forests, vineyards and many weekend houses. The main economic activities of this town are construction, entrepreneurship, forestry, tourism and agriculture.

Date of adhesion:	
Covenant of Mayors initiative:	15 November 2011
Project LOCAL4GREEN:	2 July 2018

² <https://datasmacro.expansion.com/paises/croacia>
³ https://europa.eu/european-union/about-eu/countries/member-countries/croatia_en

City of Jastrebarsko

Jastrebarsko is located in the Prigorje region of Central Croatia. On the west Jastrebarsko is bordered by the Žumberak Mountain, a mountain range spreading through southeast Slovenia and southwest Prigorje, specifically Žumberak town and Town of Samobor. The main economic activities of this town are construction, entrepreneurship, forestry and agriculture.

Date of adhesion:	
Covenant of Mayors initiative:	9 March 2010
Project LOCAL4GREEN:	24 August 2018

City of Klanjec

Klanjec is a small town in northwestern Croatia, in the region of Hrvatsko Zagorje on the border with Slovenia. The main economic activities of this town are forestry and agriculture.

Date of adhesion:	
Covenant of Mayors initiative:	24 September 2009
Project LOCAL4GREEN:	24 August 2018

City of Dugo Selo

Dugo Selo is a 20 km drive from Zagreb city centre. The town covers an area of 51 km² and it consists of numerous settlements. The summit of the hill Martin Breg is situated in the northern part of the town. Most neighbourhoods of Dugo Selo are located on the Martin Breg slopes. Dugo Selo is usually considered an exurb of Zagreb. The main economic activities of this town are construction and entrepreneurship.

Date of adhesion:	
Covenant of Mayors initiative:	3 November 2011
Project LOCAL4GREEN:	24 August 2018

City of Pregrada

Pregrada is a town and municipality in Krapina-Zagorje County in Croatia.

Date of adhesion:	
Covenant of Mayors initiative:	1 February 2010
Project LOCAL4GREEN:	27 August 2018

2.3. Cyprus

Officially the Republic of Cyprus, is an island country in the Eastern Mediterranean and the third largest and third most populous island in the Mediterranean, located south of Turkey, west of Syria and Lebanon, northwest of Israel and Palestine, north of Egypt, and southeast of Greece (Figure 4).



Figure 4. Cyprus (Source: [Lonely Planet](#))

Main info^{4 5}:

- Population (2018):** 875.898
 - Area:** 9.250 km²
 - Capital:** Nicosia
 - Currency:** Euro
 - Languages:** Greek
 - Form of government:** Presidential republic
- Cyprus is part of the European Union 1 January 2008.

In Cyprus, the local partner is the Cyprus Energy Agency and its associated partners are these three local municipalities and one Community:

- Lakatamia Municipality
- Nicosia Municipality
- Aradippou Municipality
- Lythrodontas Community

Lakatamia Municipality

Lakatamia is situated in the Southwest perimeter of Greater Nicosia, and its main characteristic is Pedieos River which runs 5 kilometers through the land of Lakatamia. Lakatamia, from an almost exclusively rural community until the first decades of the 20th century, became, after World War I a recipient of industrialization and urbanization.

Date of adhesion:

Covenant of Mayors initiative:

1 November 2012

Project LOCAL4GREEN:

2 November 2017

⁴ <https://datasmacro.expansion.com/paises/chipre>

⁵ https://europa.eu/european-union/about-eu/countries/member-countries/cyprus_en

Nicosia Municipality

As the capital of the Republic, Nicosia is Cyprus' political, economic and cultural centre. The city hosts the headquarters of all Cypriot banks and a number of international businesses base their Cypriot headquarters in Lefkosia. Greater Nicosia is subdivided into seven municipalities, but the metropolitan authority is the Municipality of Nicosia itself.

Date of adhesion:	
Covenant of Mayors initiative:	17 May 2012
Project LOCAL4GREEN:	1 November 2016

Aradippou Municipality

Aradippou is situated in Southern Cyprus and the village used to be traditionally for farmers but its view changed after the Turkish invasion in 1974 as well as due to the economic explosion which followed. After it's proclaim as a town, Aradippou defined the municipal limits and is the second biggest municipality of Cyprus.

Date of adhesion:	
Covenant of Mayors initiative:	29 May 2014
Project LOCAL4GREEN:	1 November 2016

Lythrodontas Community

Lythrodontas is built on the foothill of the mountain region of Machairas and is covered by the green colour of the olive groves. The community is in the Nicosia District, in a relatively short distance from the capital.

Date of adhesion:	
Covenant of Mayors initiative:	08 October 2013
Project LOCAL4GREEN:	01 November 2016

2.4. Greece

Situated on the southern tip of the Balkan Peninsula, Greece is located at the crossroads of Europe, Asia, and Africa. It shares land borders with Albania to the northwest, North Macedonia and Bulgaria to the north, and Turkey to the northeast (Figure 5).



Figure 5. Greece (Source: [Lonely Planet](#))

Main info^{6 7}:

Population (2018): 10.722.287
Area: 131.960 km²
Capital: Athens
Currency: Euro
Languages: Greek
Form of government: Parliamentary republic
 Greece is part of the European Union since 1 January 2001.

In Greece, the local partner is ANATOLIKI S.A. and the project records the existing situation in 14 Municipalities of Greece:

- Municipality of Amariou
- Municipality of Edessa
- Municipality of Farsala
- Municipality of Kozani
- Municipality of Lagadas
- Municipality of Leros
- Municipality of Malevizi
- Municipality of Milos
- Municipality of Pilea-Hortiatis
- Municipality of Platania
- Municipality of Sithonia
- Municipality of Tanagra
- Municipality of Thermi
- Municipality of Volvi

Municipality of Amariou

The Municipality of Amari is a municipality of the region of Crete that was established with the Kallikratis Program. It resulted from the merging of the pre-existing municipalities of Syvritos and Kouretes.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Municipality of Edessa

The Municipality of Edessa is composed of the former Municipalities of Edessa and Vegoritida. The municipalities of Edessa and Vegoritida merged into one municipality on 1st January 2011, at the framework of Local Authorities Reform “Kallikratis Programme”. The Municipality is composed of 15 Municipal Districts in total.

Date of adhesion:	
Covenant of Mayors initiative:	23 June 2011
Project LOCAL4GREEN:	-

Municipality of Farsala

The Kallikratis Municipality of Farsala occupies the southern part of the Prefecture of Larissa in the Region of Thessaly. It came from the merger of the Capodistrian municipalities of Enipea, Nathakio, Polyamada and Farsala.

⁶ <https://datosmacro.expansion.com/paises/grecia>

⁷ https://europa.eu/european-union/about-eu/countries/member-countries/greece_en

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Municipality of Kozani

Kozani is a city in northern Greece, capital of Kozani regional unit and of West Macedonia region. It is located in the western part of Macedonia, in the northern part of the Aliakmonas river valley.

Date of adhesion:	
Covenant of Mayors initiative:	29 December 2011
Project LOCAL4GREEN:	-

Municipality of Lagadas

Municipality of Lagadas is located in the northeast part of Thessaloniki regional unit. The municipality Lagadas was formed at the 2011 local government reform by the merging of the following 7 former municipalities that became municipal units: Assiros, Kallindoia, Koroneia, Lachanas, Lagadas, Sochos and, Vertiskos.

Date of adhesion:	
Covenant of Mayors initiative:	17 January 2011
Project LOCAL4GREEN:	-

Municipality of Leros

Leros is a Greek island and municipality in the Dodecanese in the southern Aegean Sea. Leros is part of the Kalymnos regional unit. The municipality includes the populated offshore island of Farmakonisi, as well as several uninhabited islets, including Levitha and Kinaros.

Date of adhesion:	
Covenant of Mayors initiative:	20 November 2011
Project LOCAL4GREEN:	-

Municipality of Malevizi

The Municipality of Malevizi is located west of the City of Heraklion and borders to the East with the Municipality Heraklion, in the southwest with the Municipality of Anogia, in the south with the Municipalities of Heraklion and Gortyna and in the west with the Municipality of Mylopotamos while in the north it is covered by the Cretan. It is administratively located in the prefecture of Heraklion.

Date of adhesion:	
Covenant of Mayors initiative:	13 December 2012
Project LOCAL4GREEN:	-

Municipality of Milos

Milos is a volcanic Greek island in the Aegean Sea, just north of the Sea of Crete. Milos is the southwesternmost island in the Cyclades, due east from the coast of Laconia. The Municipality of Milos was created by the merger of five communities and now includes the entire area of the island. The four of them: Plaka, Pera Triovasalos, Triovasalos, Tripiti voluntarily joined in 1986 while the fifth, Adamas joined in 1998. The Municipality was not changed in the 2010

local government reform and includes also the uninhabited offshore islands of Antimilos and Akradies. Milos is part of the region of South Aegean.

Date of adhesion:	
Covenant of Mayors initiative:	14 January 2009
Project LOCAL4GREEN:	-

Municipality of Pilea-Hortiatis

The Municipality of Pilea-Hortiatis is composed of the former municipalities of Pilea, Hortiatis and Panorama. The municipalities of Pilea, Hortiatis and Panorama merged into one municipality on 1st January 2011, under the framework of Local Authorities Reform “Kallikratis Programme”. This Municipality is situated at the Northern Eastern area of the city of Thessaloniki, at the Regional District of Thessaloniki in the Region of Central Macedonia, Greece.

Date of adhesion:	
Covenant of Mayors initiative:	25 May 2011
Project LOCAL4GREEN:	-

Municipality of Platania

The Municipality of Platania is located in West Crete and belongs to the Prefecture of Chania. It was established with the Kallikratis program in 2011 and arose from the merger pre-existing municipalities of Platania, Voukolies, Kolimbari and Mousouroi. The municipality extends from the north coast of the prefecture to the plateau of Omalos, from where the route of the Samaria Gorge starts.

Date of adhesion:	
Covenant of Mayors initiative:	27 September 2013
Project LOCAL4GREEN:	-

Municipality of Sithonia

Sithonia also known as Longos is a peninsula of Chalkidiki, located on a larger peninsula within Greece. The Cassandra Peninsula lies to the west of Sithonia and the Mount Athos peninsula to the east. The municipality Sithonia was formed at the 2011 local government reform by the merger of the following 2 former municipalities that became municipal units: Sithonia and Toroni.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Municipality of Tanagra

Tanagra is a town and a municipality north of Athens in Viotia, Greece. As a Municipality it belongs to Sterea Ellada Region, and the municipality was developed under this form as a part of the 2011 Kallikratis government reform. The municipality received its final form after the union of smaller municipalities as Dervenochori, Dilesi, Inofyta, Schimatari and Tanagra. The climate is mild continental and assists agricultural activities. Farmlands surround the Municipality of Tanagra, and the Asopus River along with the Parnitha mountains to the south.

Date of adhesion:	
Covenant of Mayors initiative:	5 march 2013
Project LOCAL4GREEN:	-

Municipality of Thermi

The Municipality of Thermi is composed of the former Municipalities of Thermi, Mikra and Vasilika on 1st January 2011, under the framework of Local Authorities Reform “Kallikratis Programme”. The Municipality of Thermi is situated at the Region of Cental Macedonia, and the morphology of the area is low - semi - mountainous while the most important feature of the specific Municipality is the rapid residential development.

Date of adhesion:	
Covenant of Mayors initiative:	29 December 2011
Project LOCAL4GREEN:	-

Municipality of Volvi

Volvi is a municipality in the Thessaloniki regional unit, Central Macedonia, Greece. The municipality of Volvi was formed at the 2011 local government reform by the merger of the following 6 former municipalities that became municipal units: Agios Georgios, Apollonia, Arethousa, Egnatia, Madytos and, Rentina.

Date of adhesion:	
Covenant of Mayors initiative:	31 August 2015
Project LOCAL4GREEN:	-

2.5. Italy

Italy, officially the Italian Republic is a Southern European country consisting of a peninsula delimited by the Italian Alps and surrounded by several islands. Located in the middle of the Mediterranean Sea and traversed along its length by the Apennines, Italy has a largely temperate seasonal and Mediterranean climate (Figure 6). The country shares open land borders with France, Slovenia, Austria, Switzerland and the enclaved microstates of Vatican City and San Marino. Italy has a territorial exclave in Switzerland (Campione) and a maritime exclave in the Tunisian Sea (Lampedusa).



Figure 6. Italy (Source: [Lonely Planet](#))

Main info^{8 9}:

Population (2018): 60.359.546
Area: 301.340 km²
Capital: Roma
Currency: Euro
Languages: Italian
Form of government: Parliamentary republic
 Italy is part of the European Union since 1 January 1999.

In Italy, 9 municipalities have participated in LOCAL4GREEN Project:

- Albano Laziale
- Formello
- Olevano Romano
- Rocca Priora
- Vasanello
- Velletri
- Ventotene Island
- Caprarola (involved during transferring activities)
- Fuggi (involved during transferring activities)

Albano Laziale

Albano Laziale is a town located in the southern area of Rome and is part of the Metropolitan area of Rome. The area is well known as Castelli Romani (Roman Castles). It's characterized by a mixed economy and important administrative services are based here. In agriculture, the cultivation of fruit, legumes, vegetables and grapes ("dei Castelli" wine) prevails. The industry operates in the mechanical and clothing sectors; craftsmanship is active in the sectors of ceramics, goldsmithing, wrought iron and wood. The remarkable hotel, recreational and sports facilities favour tourism and summer holidays flows.

Date of adhesion:	
Covenant of Mayors initiative:	November 2010
Project LOCAL4GREEN:	April 2019

Formello

Formello is a municipality located in the north area of the province of Rome, Italy. The economy of Formello is based on construction, craftsmanship, agriculture, trade activities and sugar beet cultivations.

Date of adhesion:	
Covenant of Mayors initiative:	May 2010
Project LOCAL4GREEN:	-

Olevano Romano

Olevano Romano is a municipality located on the Celeste Mountain, on the edge of the prenestino-lepino-ernico mountain range, in the province of Rome. Olevano Romano is famous for the production of red wines regulated by the Cesanese disciplinary of "Olevano Romano DOC", coming mainly from the native grapes "Cesanese".

⁸ <https://datosmacro.expansion.com/paises/italia>

⁹ https://europa.eu/european-union/about-eu/countries/member-countries/italy_en

Date of adhesion:	
Covenant of Mayors initiative:	November 2010
Project LOCAL4GREEN:	-

Rocca Priora

Rocca Priora is a municipality located in the "Colli Albani" area, it reaches an altitude of 768 m asl, making it the highest municipality of the "Castelli Romani" area, with much of the territory falling within the boundaries of the "Castelli Romani Regional Park". It's the seat of the Castelli Romani and Prenestini mountain community. The main economic activities in Rocca Priora are related to agriculture, trade, handcrafts and tourism.

Date of adhesion:	
Covenant of Mayors initiative:	July 2010
Project LOCAL4GREEN:	February 2019

Vasanello

Vasanello is a municipality located in the province of Viterbo, Italy. The economic sector in Vasanello is mainly represented by agriculture (hazelnuts) and handcrafts (ceramics and earthenware).

Date of adhesion:	
Covenant of Mayors initiative:	-
Project LOCAL4GREEN:	-

Velletri

Velletri is a city located in the south of the Province of Rome, Italy. Velletri is the actual name of the ancient town of Volsci (Velester and Velitrae in Latin language). The economic sector of Velletri is mainly represented by agriculture (very famous production of wine), industry, services and tourism.

Date of adhesion:	
Covenant of Mayors initiative:	-
Project LOCAL4GREEN:	April 2019

Ventotene Island

Ventotene Island is located in the southern area of the Lazio Region in the province of Latina. Ventotene is part of the "Pontino" archipelago together to Ponza island. The territory of the Municipality of Ventotene include the Santo Stefano island where is located the prison used during the second world war for the political prisoners. In this prisons have been imprisoned Sandro Pertini, after he became the President of the Republic of Italy, and Altiero Spinelli, the father of the European Union. In Ventotene has been written the "Manifesto of Ventotene" that represent the basis of the born of the European Union. The economic sector of Ventotene is mainly represented by tourism, fishing and agriculture.

Date of adhesion:	
Covenant of Mayors initiative:	-
Project LOCAL4GREEN:	April 2019

Caprarola

Caprarola is a municipality located in the “Cimini Mountain” area in the province of Viterbo, Italy. Is famous for the cultivation of hazelnuts that represent the main economic activity. Numerous activities related to the hazelnut chain have been developed in Caprarola and here is located the most important plants of the world dedicated to hazelnut processing, actually owned by Ferrero company.

Date of adhesion:	
Covenant of Mayors initiative:	-
Project LOCAL4GREEN:	July 2019

Fiuggi

Fiuggi is a municipality located in the south of Lazio Region in the province of Frosinone, Italy. Fiuggi is famous for its thermal bath and SPA and tourism represent the main economic activity.

Date of adhesion:	
Covenant of Mayors initiative:	-
Project LOCAL4GREEN:	July 2019

2.6. Malta

Malta, officially known as the Republic of Malta, is a Southern European island country consisting of an archipelago in the Mediterranean Sea (Figure 7). It lies 80 km south of Italy, 284 km east of Tunisia, and 333 km north of Libya. Malta is the world's tenth smallest and fifth most densely populated country. Its capital is Valletta, which is the smallest national capital in the European Union by area at 0.8 km².



Figure 7. Malta (Source: [Lonely Planet](#))

Main info^{10 11}:

Population (2018): 493.559

Area: 320 km²

Capital: Valletta

Currency: Euro

Languages: Italian

Form of government: Parliamentary republic

Malta is part of the European Union since 1 January 2008.

The LOCAL4GREEN National Handbook has been designed for local and regional authorities in Malta in order to allow the identification and replicability of best practices, from the pilot municipalities of the Gozo region.

Within the framework of the LOCAL4GREEN project, the Malta Intelligent Energy Management Agency – MIEMA, provided assistance the 14 municipalities of Gozo region, particularly through its collaboration with the Gozo Regional Committee which was the Maltese Associated Partner in the project. MIEMA assisted the Gozitan local councils in the formulation, design, implementation and monitoring of green fiscal policies to promote the use of RES in their territories.

The 14 Local Councils of the Gozo Region have been chosen as pilot municipalities within the LOCAL4GREEN project for the design, implementation and monitoring of green fiscal policies: Qala, Victoria, Fontana, Ghajnsielem, Gharb, Ghasri, Kercem, Munxar, Nadur, San Lawrenz, Sannat, Xaghra, Xewkija and Zebbug.

San Lawrenz

San Lawrenz is a village on the island of Gozo, Malta. Its name is derived from Lawrence of Rome who is the patron saint for the village.

Though San Lawrenz - with a town population of 883 registered residents at April 2018 - is the second smallest municipality in Gozo. It can therefore reach a population of more than 30,000 inhabitants, and have a significant effect on the promotion of RES in the island, in line with the 2030 National Energy Climate Plan and the EcoGozo Action Plan.

Date of adhesion:

Covenant of Mayors initiative:

No

Project LOCAL4GREEN:

-

Sannat

Sannat is a village on the island of Gozo, Malta, with a population of 2,117 people (March 2014). Ta' Sannat is in the south of Gozo, popular for its very high cliffs, ancient cart ruts, temples and dolmens, and rich fauna and flora.

¹⁰ <https://datosmacro.expansion.com/paises/malta>

¹¹ https://europa.eu/european-union/about-eu/countries/member-countries/malta_en

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Kercem

Kercem is a village on the island of Gozo, Malta, with a population of 1,938 people as of March 2014. The village of Kercem lies close by to the south-west of Victoria, spread between the picturesque Lunzjata Valley, the green hills of Tal-Mixta, Għar Ilma and Ta' Dbiegi, and stretching up to the Pond of Għadira ta' San Rafflu and Xlendi cliffs.

Date of adhesion:	
Covenant of Mayors initiative:	15 June 2009
Project LOCAL4GREEN:	-

2.7. Portugal

Portugal is a country located mostly on the Iberian Peninsula in southwestern Europe. It is the westernmost sovereign state of mainland Europe, being bordered to the west and south by the Atlantic Ocean and to the north and east by Spain (Figure 8). Its territory also includes the Atlantic archipelagos of the Azores and Madeira, both autonomous regions with their own regional governments.



Figure 8. Portugal (Source: [Lonely Planet](#))

Main info^{12 13}:

Population (2018): 10.276.617
Area: 92.226 km²
Capital: Lisboa
Currency: Euro
Languages: Portuguese
Form of government: Semi-presidential republic
 Portugal is part of the European Union since 1 January 1986.

¹² <https://datosmacro.expansion.com/paises/portugal>

¹³ https://europa.eu/european-union/about-eu/countries/member-countries/portugal_en

The Portuguese partner has been the University of Algarve, through the CRIA, Division of Entrepreneurship and Technology Transfer and it has been developed in close collaboration with the 16 municipalities that are part of the Algarve region (Figure 9).

Algarve is the MED region of Portugal. With a total area of 4,995 square kilometres, the Algarve is the southernmost region of Portugal. Occupying 5.4% of the total area of the national territory, this region borders Alentejo to the north, to the east it is separated from the Spanish Community of Andalusia by the Guadiana River and the west by the Atlantic Ocean.



Figure 9. Municipalities of Algarve region

The LOCAL4GREEN project has as Portuguese associated partners the Municipality of Loulé, the Municipality of Faro and the Regional Agency of Energy and Environment of the Algarve. In addition, all municipalities in the Algarve region have been invited to participate in this project.

The Algarve region is divided into 16 Municipalities:

- Albufeira
- Alcoutim
- Aljezur
- Castro Marim
- Faro
- Lagoa
- Lagos
- Loulé
- Monchique
- Olhão
- Portimão
- São Brás de Alportel
- Silves
- Tavira
- Vila do Bispo
- Vila Real de Santo António

Albufeira

Albufeira is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. It is limited to west by the municipality of Silves, in the northeast and east of Loulé and to the south of a wide coast in the Atlantic Ocean.

Date of adhesion:

Covenant of Mayors initiative:

No

Project LOCAL4GREEN:

-

Alcoutim

Alcoutim is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. It is limited to the north by the municipality of Mértola, to the east by Spain (Andalusian municipalities of El Granado, Sanlúcar de Guadiana and San Silvestre de Guzmán),

to the southeast by Castro Marim, to the southwest by Tavira and to the west by Loulé and Almodôvar.

Date of adhesion:

Covenant of Mayors initiative:

No

Project LOCAL4GREEN:

10 July 2019

Aljezur

Aljezur is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. It is limited to the north by the municipality of Odemira, to the east by Monchique, to the southeast by Lagos, to the southwest by Vila do Bispo and to the west has an extensive coast with the Atlantic Ocean. The northwest boundary, with the municipality of Odemira, is marked by the Ribeira de Seixe. The coast of the municipality is part of the Natural Park of Southwest Alentejo and Costa Vicentina.

Date of adhesion:

Covenant of Mayors initiative:

No

Project LOCAL4GREEN:

11 April 2019

Castro Marim

Castro Marim is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north and northwest by the municipality of Alcoutim, to the east by Spain, to the southeast by Vila Real de Santo António (main territory), to the south by the Atlantic Ocean, to the south-west by the parish of Vila Nova de Cacela (exclave of Vila Real de Santo António) and to the west by Tavira.

Date of adhesion:

Covenant of Mayors initiative:

No

Project LOCAL4GREEN:

-

Faro

Faro is a Portuguese city, capital of the District of Faro, the region, sub-region of the Algarve. The municipality is limited to the north and west by the municipality of São Brás de Alportel, to the east by Olhão, to the west by Loulé and to the south coast of the Atlantic Ocean.

Date of adhesion:

Covenant of Mayors initiative:

21 November 2011

Project LOCAL4GREEN:

13 December 2018

Lagoa

Lagoa is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north and east by the municipality of Silves, to the west by Portimão and to the south has coast in the Atlantic Ocean.

Date of adhesion:

Covenant of Mayors initiative:

28 June 2010

Project LOCAL4GREEN:

11 April 2019

Lagos

Lagos is a Portuguese city, of the District of Faro, the region, sub-region of the Algarve. The municipality is limited to the north by Monchique, to the east by Portimão, to the west by Vila do Bispo, to the northwest by Aljezur, and to the south by the Atlantic Ocean.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Loulé

Loulé is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north by the municipality of Almodôvar, to the northeast by Alcoutim and Tavira, to the east by São Brás de Alportel, to the southeast by Faro, to the southwest by Albufeira, to the west by Silves and to the south has coastline in the Atlantic Ocean.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Monchique

Monchique is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north by the municipality of Odemira, on the east by Silves, on the south by Portimão, on the southwest by Lagos and on the west by Aljezur.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	10 April 2019

Olhão

Olhão is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north by the municipality of São Brás de Alportel, to the north and east by Tavira, to the west by Faro and to the southeast has coastline in the Atlantic Ocean.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	2 May 2019

Portimão

Portimão is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north by the municipality of Monchique, to the east by Silves and Lagoa and to the west by Lagos; to the south, it has coastlines in the Atlantic Ocean.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

São Brás de Alportel

São Brás de Alportel is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north and east by the municipality of Tavira, to the southeast by Olhão, to the south by Faro and to the west by Loulé.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Silves

Silves is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north by the municipality of Ourique, northeast by Almodôvar, east by Loulé, southeast by Albufeira, southwest by Lagoa, west by Portimão and Monchique and northwest by Odemira and to the south by the Atlantic coast.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	1 March 2019

Tavira

Tavira is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north by the municipality of Alcoutim, to the east by Castro Marim and by the western part of the county of Vila Real de Santo António, to the southwest by Olhão, to the west by São Brás de Alportel, to the northwest by Loulé and to the south by the coast in the ocean Atlantic.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

Vila do Bispo

Vila do Bispo is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is limited to the north by the municipality of Aljezur, to the northeast by Lagos and to the south and west has coastline in the Atlantic Ocean.

Date of adhesion:	
Covenant of Mayors initiative:	21 February 2018
Project LOCAL4GREEN:	-

Vila Real de Santo António

Vila Real de Santo António is a municipality located in the district of Faro, in the southern region of Algarve, in Portugal. The municipality is one of the few municipalities of Portugal territorially discontinuous, dividing in a western portion, the parish of Vila Nova de Cacela, and an eastern portion, where the city and Monte Gordo is located. The eastern part is limited to the north and west by the municipality of Castro Marim, to the east by the Guadiana River, which defines the border with Spain, municipality of Ayamonte, and to the south has coastline in the Atlantic Ocean. The western part is limited to the north and east by Castro Marim, the west by Tavira and the south has coastline in the Atlantic Ocean.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	-

2.8. Slovenia

Slovenia, officially the Republic of Slovenia, is a country located in southern Central Europe at a crossroads of important European cultural and trade routes. It is bordered by Italy to the west, Austria to the north, Hungary to the northeast, Croatia to the southeast, and the Adriatic Sea to the southwest (Figure 10).



Figure 10. Slovenia (Source: [Lonely Planet](#))

Main info^{14 15}:

Population (2018): 2.080.908
Area: 20.675 Km²
Capital: Ljubljana
Currency: Euro
Languages: Slovenian
Form of government: Parliamentary democratic republic
 Slovenia is part of the European Union since 1 January 2007.

In the LOCAL4GREEN project, the Slovene project partner is Building and Civil Engineering Institute ZRMK (GI ZRMK), associate partners are Local Energy Agency of Gorenjska (LEAG), and Municipalities of Kamnik and Kočevje, and the pilot municipalities participating in the project activities are:

- Grosuplje
- Ivančna Gorica
- Kamnik
- Kočevje
- Kranj
- Križevci
- Lenart
- Trebnje

¹⁴ <https://datosmacro.expansion.com/paises/eslovenia>

¹⁵ https://europa.eu/european-union/about-eu/countries/member-countries/slovenia_en

Municipality of Grosuplje

The Municipality of Grosuplje is a municipality in central Slovenia. The seat of the municipality is the town of Grosuplje. It lies just south of the capital Ljubljana in the traditional region of Lower Carniola. It is now included in the Central Slovenia Statistical Region.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	27 July 2017

Municipality of Ivančna Gorica

Ivančna Gorica is a settlement and a municipality in central Slovenia. It is part of the traditional region of Lower Carniola and is now included in the Central Slovenia Statistical Region.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	25 July 2017

Municipality of Kamnik

The Municipality of Kamnik is a municipality in northern Slovenia. The seat of the municipality is the town of Kamnik. Today it is part of the Central Slovenia statistical region. It is the 15th-largest municipality by area in Slovenia.

Date of adhesion:	
Covenant of Mayors initiative:	28 September 2011
Project LOCAL4GREEN:	30 May 2019

Municipality of Kočevje

The Municipality of Kočevje is a municipality in southern Slovenia. The seat of the municipality is the city of Kočevje. Today it is part of the Southeast Slovenia Statistical Region. In terms of area, it is the largest municipality in Slovenia.

Date of adhesion:	
Covenant of Mayors initiative:	12 December 2013
Project LOCAL4GREEN:	24 August 2017

Municipality of Kranj (City of Kranj)

The City Municipality of Kranj is one of eleven city municipalities of Slovenia. It lies in northwestern Slovenia and was established in 1994. Its centre is the town of Kranj. The area traditionally belongs to the region of Upper Carniola and has been since 1995 included in Upper Carniola Statistical Region.

Date of adhesion:	
Covenant of Mayors initiative:	22 May 2013
Project LOCAL4GREEN:	12 July 2019

Municipality of Križevci

The Municipality of Križevci is a municipality in the Prlekija region in eastern Slovenia. It gets its name from the largest settlement and administrative centre of the municipality, Križevci pri

Ljutomeru. It is part of the traditional region of Styria and is now included in the Mura Statistical Region.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	23 Mach 2018

Municipality of Lenart

The Municipality of Lenart is a municipality in northeastern Slovenia. It has just over 11,000 inhabitants. It is considered the centre of the Slovene Hills. The area was part of the traditional region of Styria. It is now included in the Drava Statistical Region. The seat of the municipality is Lenart v Slovenskih Goricah.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	21 August 2017

Municipality of Trebnje

The Municipality of Trebnje is a municipality in Slovenia in the traditional region of Lower Carniola. The seat of the municipality is the town of Trebnje. The municipality was established on 3 October 1994. It was increased in size on 6 August 1998, when the settlements of Kostanjevica and Ravne nad Šentrupertom were transferred to the municipality from the neighboring Municipality of Litija. It was then reduced in size on 13 June 2006 with the formation of the new municipalities of Mokronog-Trebelno and Šentrupert from the municipality's territory.

Date of adhesion:	
Covenant of Mayors initiative:	No
Project LOCAL4GREEN:	25 July 2017

2.9. Spain

Spain, officially the Kingdom of Spain is a country mostly located in Europe. Its continental European territory is situated on the Iberian Peninsula. Its territory also includes two archipelagoes: the Canary Islands off the coast of Africa, and the Balearic Islands in the Mediterranean Sea. The African enclaves of Ceuta and Melilla make Spain the only European country to have a physical border with an African country (Morocco) (Figure 11).



Figure 11. Spain (Source: [Lonely Planet](#))

Main info^{16 17}:

Population (2018): 46.934.632

Area: 505.935 Km²

Capital: Madrid

Currency: Euro

Languages: Spanish

Form of government: Parliamentary democracy

Spain is part of the European Union since 1 January 1999.

In Spain, 11 municipalities have participated in this project:

- Dolores
- Muro d’Alcoi
- Pedreguer
- Alfàs del Pi
- Altea
- Callosa d’en Sarrià
- Almussafes
- Godella
- Quart de Poblet
- Alaquàs
- Xeresa

Dolores

Dolores is town located in the comarca of Vega Baja del Segura in southern Alicante province, Spain. The town is in the heart of the Segura huerta (vegetable garden) about 10 km from the nearest beaches in La Marina and Guardamar.

Date of adhesion:

Covenant of Mayors initiative:

15 April 2010

Project LOCAL4GREEN:

5 May 2017

¹⁶ <https://datosmacro.expansion.com/paises/espana>

¹⁷ https://europa.eu/european-union/about-eu/countries/member-countries/spain_en

Muro de Alcoi

Muro d'Alcoi is a town located in the comarca of Comtat, in the province of Alicante, Spain, lying at the foot of the Serra de Mariola. The economy of Muro de Alcoi is based on textile industry, manufacture of plastic products and furniture and agriculture (olives and almonds).

Date of adhesion:

Covenant of Mayors initiative:

4 March 2010

Project LOCAL4GREEN:

4 May 2017

Pedreguer

Pedreguer is a town in the comarca of Marina Alta in the province of Alicante, Spain. The town is situated at the foot of the Muntanya Gran and close to the two larger coastal towns of Dénia and Xàbia.

Date of adhesion:

Covenant of Mayors initiative:

26 March 2010

Project LOCAL4GREEN:

5 May 2017

Alfàs del Pi

L'Alfàs del Pi is a Valencian town and municipality located in the comarca of Marina Baixa, in the province of Alicante, Spain, lying at the foot of Serra Gelada. The economy of L'Alfàs del Pi is mainly based on tourism.

Date of adhesion:

Covenant of Mayors initiative:

30 April 2010

Project LOCAL4GREEN:

27 April 2017

Altea

Altea is a city and municipality located in the province of Alicante, Spain, north of Alicante on the section of Mediterranean coast called the Costa Blanca.

At present, the economy of Altea is based on tourism, which started to grow in the 1950s because of its good weather, beaches and the labyrinthine streets with whitewashed house-fronts that characterize the town. Altea is protected on the north by the bluffs of the Serra de Bèrnia, creating an especially mild microclimate

Date of adhesion:

Covenant of Mayors initiative:

6 May 2010

Project LOCAL4GREEN:

28 April 2017

Callosa d'en Sarrià

Callosa d'en Sarrià is a Valencian town and municipality located in the comarca of Marina Baixa, in the province of Alicante, Spain, lying in the valley of the river Guadalest, 50 km from the city of Alicante. The economy of Callosa is chiefly based on tourism and agriculture: it is the main producer of loquat in Spain.

Date of adhesion:

Covenant of Mayors initiative:

25 October 2012

Project LOCAL4GREEN:

5 May 2017

Almussafes

Almussafes is a municipality in the comarca of Ribera Baixa in the Valencian Community, Spain.

Date of adhesion:

Covenant of Mayors initiative:	8 September 2016
Project LOCAL4GREEN:	4 May 2017

Godella

Godella is a municipality in the comarca of Horta Nord, province of Valencia, Spain. Although part of the municipal area is cultivated (producing diverse foodstuffs such as potatoes and onions), agriculture is not a principal economic activity of the municipality.

Date of adhesion:

Covenant of Mayors initiative:	29 September 2016
Project LOCAL4GREEN:	5 May 2017

Quart de Poblet

Quart de Poblet is a municipality in the comarca of Horta Oest in the Valencian Community, Spain. Located between the Valencian Huerta Sur, the area surface is completely flat. The Turia River crosses the municipality by north and on the west runs the Rambla del Poio.

Date of adhesion:

Covenant of Mayors initiative:	26 April 2016
Project LOCAL4GREEN:	22 December 2017

Alaquàs

Alaquàs is a municipality in the comarca of Horta Oest in the Valencian Community, Spain.

Date of adhesion:

Covenant of Mayors initiative:	29 September 2016
Project LOCAL4GREEN:	12 December 2017

Xeresa

Xeresa is a municipality in the comarca of Safor in the Valencian Community, Spain. It is located 55 kilometers at the south of Valencia and 110 kilometers north from Alicante and can be accessed through road N-332.

Date of adhesion:

Covenant of Mayors initiative:	26 May 2016
Project LOCAL4GREEN:	5 May 2017

3. Comparative study of national regulations

3.1. Albania

This document presents a summary of the work that has been carried out by the Albanian Association of Municipalities and aims to summarize the local fiscal policies that have been

drafted in co-operation with the project and subsequently approved by the pilot municipalities. The main sources of information for drafting this document are the fiscal policy evaluation reports as well as the data received from the municipalities and the national handbook.

The resources available to local government units in Albania, are limited to meeting all local community needs and priorities. Over time, these resources are added as local government units improve local tax and tariff management. Approved periodic reforms can also provide new sources of funding for local government units.

Ensuring financial autonomy is a guaranteed principle through the constitution and other legal provisions, including Law no. 9632/2006 on Local Taxes, Law no. 9896/2008 on local borrowing and new law 68/2017 on local finances. This new law, adopted in April 2017, shows that fiscal decentralization remains an essential part of the reform agenda.

Municipality's income from taxes consisted of separate taxes and local taxes. Separate taxes include 97% of the proceeds from the transfer of ownership rights, 25% of motor vehicle tax revenues, 5% of mineral rent income and 2% of motorway tax personal incomes.

Local tax revenues include property tax, small business tax, and other taxes. Property tax is the most important local tax. Other local taxes are tax on infrastructure impact from new construction, table taxes, tax on donations, inheritance and local lotteries.

Municipalities can collect fees for public services. Tariffs should be geared to covering the cost of the services provided, whose consumption is measurable. The main tariffs are related to the occupation of public space, collection and removal of waste, water supply and sewage, irrigation and drainage, licenses and permits and authorizations.

Below we will describe all types of taxation and local tariffs.

3.1.1. Albanian Tax System

1. Shared taxes (National)

Shared taxes in the context of Albanian legislation are those national taxes, whose revenues are shared with local governments. The administrator of this tax transfers the percentage set by law to local government accounts, but only after being paid by the taxpayer. The municipality is free to use this amount for its own needs. National taxes that are shared with local government units include:

1. Vehicle tax
2. Mineral rent
3. Personal Income tax

2. Local taxes

Local self-government units shall create and maintain a register of all the taxpayers' liable to pay local taxes and fees, based on categories of fiscal liabilities, including fiscal abatements or exemptions for specific categories of taxpayers. The form and coding of the register is determined by the Ministry of Finance. Statistical information on such register is shared with the ministry of finance at least once a year. The base of all taxes and fees, as well as their rates and levels, any exemptions or abatements, their payment schedules, and the applicable fines and penalties must be published and made available to the public. Local taxes include:

1. Local taxes on the economic activity of small businesses
2. Tax on real estate, include:
 - a) taxes on buildings;
 - b) taxes on agricultural land;
 - c) tax on land
3. Tax on buildings
4. Tax on agricultural land
5. Tax on land
6. Hotel accommodation tax
7. Tax on impact on infrastructure
8. Tax on billboard
9. The tax on the transfer of ownership of immovable property
10. Temporary local taxes

3. Local tariffs

Local tariff is a charge that an individual, natural or legal person pays in exchange for a specific service received, a specific public good used or a right provided by the local government unit. The level of the tariff is oriented towards covering the cost of the public service provided by the local government unit. Municipalities generate revenues from local tariffs for:

1. Tariff on occupation of public space
2. Tariffs on public services
 - a. Fee on waste collection and disposal
 - b. Fee on water supply
 - c. Parking fee
 - d. Fee on Vet services
3. Local fees for administrative services

3.1.2. Description of the Proposed Fiscal Policies by Municipalities

1. Municipality of Lezha

The Municipality of Lezha has introduced some specific measures to encourage inhabitants and businesses to use photovoltaic installations for electricity production as well as using hybrid and electrical cars, as part of the Fiscal Package and Budget of 2019. Measures are as follows:

- 30% reduction on the taxation level of Tax on Buildings for families and businesses
- 30% reduction on Local Services Fees for businesses
- No Parking fees charged for hybrid and electric cars

Tax on Buildings: The Albanian municipalities generate an important source of income from immovable property taxes.

Public Services Fees: Revenues from local services fees provided an average of 11.8% of the total revenues from taxes and fees for the 2016-2018 period.

Parking fee: The parking fee in public spaces is paid by all vehicles making use of the predefined areas owned by the Municipality and used for parking.

Estimated energy savings and gases that will not be emitted

Family category		
	1,672,875 kWh	kWh that become renewable
	15,056 kg CO ₂ eq	kg CO ₂ eq that is not emitted annually
Business category		
	743,500 kWh	kWh that become renewable
	6,692 kg CO ₂ eq	Kg CO ₂ that are not emitted annually
Vehicles		
Considering the emissions that derive from electric consumption of the electric machine	107 t/km CO ₂ /year	t/km CO ₂ emissions from electric vehicles

2. Vau i Dejës Municipality

The municipality of Vau i Dejës, as part of the Fiscal Package and Budget 2019, has proposed some specific measures to encourage residents and businesses to use photovoltaic installations to produce electricity as follows:

- 30% reduction on the taxation level of Tax on Buildings for families and businesses
- 30% reduction on Local Services Fees for businesses

Estimated energy savings and gases that will not be emitted

Family category		
	855,600 kWh	kWh that become renewable
	7,700 kg CO ₂ eq	kg CO ₂ eq that is not emitted annually
Business category		
	162,564 kWh	kWh that become renewable
	1,463 kg CO ₂ eq	Kg CO ₂ that are not emitted annually

3. Kukës Municipality

Kukës Municipality, as part of the Fiscal Package and Budget 2019, has proposed some specific measures to encourage residents and businesses to use photovoltaic installations for electricity generation as follows:

- 30% reduction of the greenery fee for those households, institutions and businesses that have installed a photovoltaic device in their premises. The transport business category (except those who have permanent offices) cannot be included in the fiscal policy because they do not have permanent structures (buildings) to install solar panels.

Estimated energy savings and gases that will not be emitted

Family category		
	630,800 kWh	kWh that become renewable
	5,677 kg CO ₂ eq	kg CO ₂ eq that is not emitted annually
Business category		
	239,040 kWh	kWh that become renewable
	2,151 kg CO ₂ eq	Kg CO ₂ that are not emitted annually

3.2. Croatia

3.2.1. Croatian Tax System

Description of Croatian Tax System it is given in the table below:

1. Government Taxes	1.1 Value Added Tax
	1.2 Corporate Income Tax
	1.3 Special Taxes and Excise Duties <ul style="list-style-type: none"> • Special taxes on motor vehicles • The special tax on coffee and non-alcoholic beverages • The tax on liability and comprehensive road vehicle insurance premiums • Excise duties
2. Country Taxes	2.1 Inheritance and Gifts Tax
	2.2 The Tax on Road Motor Vehicles
	2.3 The Tax on Vessels
	2.4 The Tax on Coin Operated Machines for Games for Amusement
3. City or Municipal Taxes	3.1 Surtax on Income Tax
	3.2 The Consumption Tax
	3.3 Tax on Holiday Houses
	3.4 Tax on the Use of Public Land
	3.5 Real Government Transfer Tax
4. Joint Taxes	4.1 Income Tax
5. Taxes on winning from games of chance and fee for organising games of chance	5.1 Lottery Games <ul style="list-style-type: none"> • Monthly fee for organising lottery games • Tax winnings from lottery games
	5.2 Casino Games <ul style="list-style-type: none"> • Fees for the organising betting games
	5.3 Betting Games <ul style="list-style-type: none"> • Tax on winnings from betting games
	5.4 Fees for Organising Slot Machine Games
	5.5 Fee for Organising Occasional One-Time Games of Chance
6. Fee for organising award games	6.1 Fee for Organising Award Games

Source: [Republic of Croatia, Ministry of Finance](#)

3.2.2. Description of the Proposed Fiscal Policies by Municipalities

The results of conducted analyses have shown that the legal framework in Republic of Croatia does not allow much variety of local fiscal measures. There are only two realistic policies to promote renewable energy sources at the local level in Republic of Croatia:

- Adopting a decision on a reduction of the Public utility fee by the Municipal/city Council for new buildings using renewable energy sources (Nearly Zero Energy Buildings (nZEB), households/residential sector) and
- Adopting a decision on a reduction of the Public utility fee by the Municipal/city Council for new buildings using renewable energy sources (Nearly Zero Energy Buildings (nZEB), commercial sector)

According to the Technical Regulation on the Rational Use of Energy and Thermal Protection of Buildings (Official Gazette No. 128/15, 70/18, 73/18 and 86/18) hereinafter: the Technical Regulation, Nearly Zero-Energy Buildings (NZEBs). The nearly zero-energy building is defined by the consumption of primary energy for heating, cooling, ventilation, DHW generation and lighting, and a minimum RES share of 30% in the primary energy required to meet the building energy requirements.

Requirements regarding Nearly Zero-Energy Buildings (NZEBs):

- Minimum RES share of 30% in the primary energy required to meet the building energy requirements
- Primary energy lower or equal to the Technical Regulation
- Satisfies other requirements according to Technical Regulation for new buildings.

Proposed decision on a reduction of the Public utility fee by Municipal council for new buildings which are using renewable energy sources as follows:

- Renewable energy sources share of 30% in the primary energy required to meet the building energy requirements – proposed adopting a decision on a 50% reduction of the Public utility fee
- Renewable energy sources share between 30-50% in the primary energy required to meet the building energy requirements – proposed adopting a decision on a 75% reduction of the Public utility fee
- Renewable energy sources share more than 50% in the primary energy required to meet the building energy requirements – proposed adopting a decision on a 100 % reduction of the Public utility fee.

All the municipalities have included this local fiscal policy in the Sustainable Energy Action Plans (SEAPs) to promote renewable energy sources. This implementation of designed local fiscal policies to promote renewable energy sources will result in the CO₂ emissions reduction target of more than 2,814 t CO₂ % by 2050.

Estimated energy savings and gases that will not be emitted

City of Brdovec		
	5,654 MWh	MWh that become renewable
	1,159 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

City of Jastrebarsko		
	10,131 MWh	MWh that become renewable
	2,077 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

City of Klanjec		
	1,550 MWh	MWh that become renewable
	318 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

City of Pregrada		
	2,799 MWh	MWh that become renewable
	574 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

City of Dugo Selo		
	6,540 MWh	MWh that become renewable
	1,341 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

3.3. Cyprus

3.3.1. Cypriot Tax System

The local authorities in Cyprus (Municipalities and Communities) are responsible for managing a range of taxes and fees in accordance with the Municipalities and Communities Law (1985). The Law defines the maximum amount (ceiling) that each tax/fee can be set at, and the Municipality/Community council is then free to set the level (rate) for each tax/fee. On the contrary, the municipalities in Cyprus don't have the power to introduce any new category of taxation in their territory. Only the Minister of the Ministry of Interior has the authority to revise and modify the Municipalities and Communities Law (1985) and introduce a new category of taxes/fees.

The major taxes for the local authorities are:

- Property tax
- Professional tax
- Hotel accommodation tax
- Entertainment tax

The tariffs/fees which the local authorities usually manage in Cyprus are:

- Waste management fees
- Building Permit fees
- Business premise license fees
- Public space utilization license fee
- Water Supply fee

Also, the local authorities can produce revenues from:

- Parking places
- Parking cards
- Parking meters
- Revenues from swimming pools

3.3.2. Description of the Proposed Fiscal Policies by Municipalities

The pilot local authorities in Cyprus will be implementing local fiscal policies covering these major taxes/tariffs/fees:

1. Lakatamia Municipality

Lakatamia Municipality considered three green fiscal policies to promote RES and energy efficiency projects in the Municipality. The first policy involved the waste management fees per household, the second policy involved the waste management fees from companies and traders and the third policy involved the property tax.

Lakatamia’s Municipal Council approved the fiscal policy (in October 2018) which refers to the waste management fees per household, by ringfencing part of the money coming in from the recent increase in the waste management fees per household to promote RES in the Municipality.

The money raised through the fiscal policy (i.e. ringfencing part of the money generated through the 2018 increase in the waste management fees per household) will be used by the Municipality to upgrade the municipal green point. This green point will be a collection point for different types of waste streams, but will also include a RES-REUSE educational corner. The green point will be used by the general public for waste management as well as an educational space, that will help increase awareness on RES and energy efficiency and will become a destination for school trips and other activities.

Is estimated that 1,650 students each year will visit the green point with the educational corner, then over an implementation period of 10 years, assuming an awareness rate impact of 10%, a diffuse influence of 3, and 200 kWh of RES being produced per person per year as a result of the information they will learn about at the education corner, then it can be estimated that 99 MWh of RES will be produced per year. Overall, after the ten years of activation, is estimated that 990 MWh of RES will be produced due to the impact of the educational corner.

Estimated energy savings and gases that will not be emitted

Lakatamia Municipality		
	99 MWh/year	MWh that become renewable
	86,4 t CO ₂ eq/year	Reduction of CO ₂ emissions (t CO ₂)

2. Nicosia Municipality

Nicosia Municipality considered two green fiscal policies to promote RES and energy efficiency projects in the Municipality. The first policy involved the hotel accommodation tax, while the second policy involved the professional tax for legal entities. The options are described in more detail below.

Nicosia’s Municipal Council and Mayor officially approved on 10 January 2019 the fiscal policy involved the hotel accommodation tax, and the increase of 5% in the hotel accommodation tax per room per night, for the years 2019-2021.

According to the design of this fiscal policy, the money for the first 3 years that will be raised through the increased taxation, beginning in 2019, will be ringfence in a green mechanism-fund and used to provide free energy audits to hotels in Nicosia region, as well as the funding of two awareness events to promote energy efficiency and RES in the hotel sector.

In 2018, the electricity consumption across all 15 hotels in Nicosia was 6,517 MWh (estimated). In the case that an increase of the green tax will be occurred in the next years, the free energy audits can be completed in a realistic period of 6 years. Assuming that some of the hotels take on board some of the actions to be provided by the energy audits on RES, then within the implementation period:

- 15% energy savings from hotels that will implement low cost measures (investments) according to the energy audit advises, saving a total of 978 MWh (estimated).

- 30% energy savings from hotels that will implement high cost investments according to the energy audit advises, saving a total of 1,955 MWh (estimated).

Across the low cost and high investment actions on RES outlined above, the hotels could lead to a total reduction of 1,709 tonnes CO₂eq (estimated) over the whole implementation period. This is broken down into: 854 tonnes CO₂eq from low cost measures on RES (estimated) and; 1,709 tonnes CO₂eq from the high cost measures in RES (estimated).

Estimated energy savings and gases that will not be emitted

Nicosia Municipality		
	245 MWh/year	MWh that become renewable
	213 t CO ₂ eq/year	Reduction of CO ₂ emissions (t CO ₂)

3. Aradippou Municipality

Aradippou Municipality considered one green fiscal policy to promote RES and energy efficiency projects in the Municipality. The policy involved ringfencing a percentage of the 2017 increase in the professional tax for legal entities working in a profession, specifically for promoting RES in the Municipality.

While Aradippou Municipality has informally approved the fiscal policy, this policy has not yet been approved by the Municipal Council. However, it is assumed that approval by the Municipal Council is only a technicality at this point, and the fiscal policy, which will ringfence 10% of the total income generated for 2017 (or upcoming years) from the increase in the professional tax, exclusive for the green mechanism fund, will be approved in 2019.

According to the design of this fiscal policy, the money that will be raised, beginning in 2018, will be ringfenced in a green mechanism-fund and be used, in part, to provide an incentive to organisations to reduce their energy consumption and improve their energy rating in their annual energy certificate. These incentives will be in the form of reductions in the annual professional tax (up to a maximum of 15% reduction). The Municipality could use the remainder part of the money raised to provide consulting services to organisations, free of charge, on how to reduce their energy consumption, including suggestions for investing in renewable energy sources. For the Municipality to award the tax reduction, it will require that the organisation has implemented ISO 50001 (the international standard on Energy Management System) and has certified the energy management system year on year, as proof that it is investing in managing and reducing its energy consumption.

It is assumed that the green taxation will apply to 632 organisations. Currently, the 632 organisations across the Municipality consume 32,645 MWh of electricity consumption. If 10% of the total amount of electricity consumption currently is produced via RES over a 10 year (or less) period, due to the financial incentives, free consulting services provided by the Municipality and implementation of ISO 50001, then that could potentially generate 285 t CO₂eq /year reduction.

Estimated energy savings and gases that will not be emitted

Aradippou Municipality		
	326 MWh/year	MWh that become renewable

285 t CO₂eq /year

Reduction of CO₂ emissions (t CO₂)

3.4. Greece

3.4.1. Greek Tax System

The Local Authorities of Greece are responsible for local policies. Local authorities are governed by administrative and financial autonomy, and the State is responsible for ensuring this autonomy.

Leases

Municipalities have an obligation to manage their real estate in a diligent and efficient manner. They can exploit their property in cases of serving the municipal interest.

Fees for cleaning and lighting services

The road cleaning and street lighting fee is a compensatory charge imposed by a municipal council decision on public local cleaning services provided by local authorities, including waste collection, as well as the cost of lighting the public space.

Real estate fee

Law No 2130/93 imposes on municipalities a fee, calculated on the value of immovable property situated within their administrative district.

Fees from gross revenue - Accommodation in hotels

The fee for accommodation in hotels is imposed in the tourist areas, as well as in each municipality by decision of the municipal council, and it serves the scope of the additional costs that the Municipality has to face due to the increase of the tourist flows.

Fees from Gross Business Income - Fees from clubs, restaurants and related revenue

The fee is imposed by Law 2539/97 as compulsory for the revenues of restaurants, bars, clubs, etc., for the municipalities that are subject to the objective valuation of the property. The fee is paid by the customers and is paid to the Municipalities by the business owners.

Other Fees and Revenues - Fees for communal spaces

The fee relates to the benefits from the use of public space (sidewalks) on the part of businesses. The fee is charged by the City Council.

Other fees and income - Renewable energy charges

The fee for renewables is paid by electricity producers from RES. The fee is related to the municipality where the RES installation is located and is proportional to the energy sold by the producer in the electricity grid.

Possible offsetting fees

Municipalities may, with a municipal council decision, impose fees or charges for services or local projects in their area that contribute to improving the quality of life of citizens, developing the region and providing better services for citizens.

Electricity tax for buildings and other spaces

The electricity tax may be imposed by the Municipalities by decision of the municipal council. The tax is calculated on the electrically driven surface of property, multiplied by a factor, which is decided by the municipal council within a range determined by law.

Other costs and revenues - Parking fees

Parking charges imposed on areas where parking is controlled are determined by a city council decision. These fees are municipal revenue and can only be used to improve traffic conditions.

Other Fees and Revenues - Construction / Building Permits / Licenses

A fee is charged for the benefit of Local Authorities, for the benefit of building permits, as well as for any adaptation, intervention or addition to existing buildings.

Energy Communities

The Energy Community (E.C.) is a fully-fledged urban cooperative aiming to promote the social and solidarity economy and innovation in the energy sector.

3.4.2. Description of the Proposed Fiscal Policies by Municipalities

1. Municipality of Amariou

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of Amariou, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities.

Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipality's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of Amariou' budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to

replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities as it was fully developed in Deliverable 3.3.1.

2. Municipality of Edessa

Based on the aforementioned particularities of the Legislative System in Greece, the Municipality of Edessa has proceeded with the adaptation of three local fiscal policies by including them in its SEAP actions. These three pilot policies will be analyzed within this chapter.

Reduction of Fee for Municipal Real Estate Leasing when using RES

In Edessa there are 12 Municipal buildings that will be leased in 2019, for which the investors have agreed to install PV systems of installed capacity of 10 kw per building. These PVs are able to produce a total 150 MWh per annum. These MWh of electricity produced by solar energy (RES) replace 150 MWh of final energy consumed by coal. Applying the national emission factor for Greece for the production of electricity (1,149 t CO₂/MWh) we estimate the CO₂ emissions that can be saved through the application of the policy are 172,35 tn per annum.

Municipality of Edessa		
	150 MWh	MWh that become renewable
	172,35 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

In Edessa, there is one parking area available that will be leased by the Municipality to an individual. That individual has agreed to install PVs of 10 kW installed capacity, as well as a charging station for Electric Vehicles. The produced electricity by PVs is 12,5 MWh/annum. This electricity production is able to charge 4 cars for a year (assuming that an EV consumes 150 Wh/km) and a car in Greece makes 20.000 km/year in average. If these EVs replace 4 conventional gasoline cars with a CO₂ emissions of 140 g/km then the saving is 12,6 tn CO₂/year.

Municipality of Edessa		
	12,6 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals in order to replace their vehicles.

3. Municipality of Farsala

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of FARSALA, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities. Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipality's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of FARSALA's budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities as it was fully developed in Deliverable 3.3.1.

4. Municipality of Kozani

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of Kozani, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities. Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipality's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of Kozani's budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities as it was fully developed in Deliverable 3.3.1.

5. Municipality of Lagadas

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of Lagadas, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities. Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipal's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of Lagadas' budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities as it was fully developed in Deliverable 3.3.1.

6. Municipality of Leros

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of Leros, the following three pilot policies were not able to

be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities. Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipal's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of Leros' budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities as it was fully developed in Deliverable 3.3.1.

7. Municipality of Malevizi

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of MALEVIZI, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities. Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipal's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of MALEVIZI' budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities as it was fully developed in Deliverable 3.3.1.

8. Municipality of Milos

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of MILOS, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities. Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipal's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of MILOS' budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities as it was fully developed in Deliverable 3.3.1.

9. Municipality of Pilea-Hortiatis

These three pilot policies will be analyzed within this chapter.

Reduction of Fee for Municipal Real Estate Leasing when using RES

In Pilea-Hortiatis there are 8 Municipal buildings that will be leased in 2019, for which the investors have agreed to install PV systems of installed capacity of 10 kw per building. These PVs are able to produce a total 100 MWh per annum. These MWh of electricity produced by solar energy (RES) replace 100 MWh of final energy consumed by coal. Applying the national emission factor for Greece for the production of electricity (1,149 tn CO₂/MWh) we estimate the CO₂ emissions that can be saved through the application of the policy are 115 tn per annum.

Municipality of Pilea-Hortiatis		
	100 MWh	MWh that become renewable
	115 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

In Pilea-Hortiatis, there is one parking area available that will be leased by the Municipality to an individual. That individual has agreed to install PVs of 10 kW installed capacity, as well as a charging station for Electric Vehicles. The produced electricity by PVs is 12,5 MWh/annum. This electricity production is able to charge 4 cars for a year (assuming that an EV consumes 150 Wh/km) and a car in Greece makes 20.000 km/year in average. If these EVs replace 4 conventional gasoline cars with a CO₂ emissions of 140 g/km then the saving is 11,2 tn CO₂/year.

Municipality of Pilea-Hortiatis		
	12,6 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals in order to replace their vehicles.

10. Municipality of Platania

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of PLATANIA, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities. Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipality's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of PLATANIA' budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Parking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek.

11. Municipality of Sithonia

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of SITHONIA, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time. Additionally, the Municipality of Sithonia has not implemented a SEAP therefore the following policies could not be implemented throughout the SEAP Actions in any case.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities.

Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipality's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of SITHONIA's budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Parking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek Municipalities.

12. Municipality of Tanagra

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of TANAGRA, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities.

Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipal's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of TANAGRA's budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek.

13. Municipality of Thermi

Thermi has proceeded with the adaptation of three local fiscal policies by including them in its SEAP actions. These three pilot policies will be analyzed within this chapter.

Reduction of Fee for Municipal Real Estate Leasing when using RES

In Thermi there are 6 Municipal buildings that will be leased in 2019, for which the investors have agreed to install PV systems of installed capacity of 10 kw per buidling. These PVs are able to produce a total 75 MWh per annum. These MWh of electricity produced by solar energy (RES) replace 75 MWh of final energy consumed by coal. Applying the national emission factor for Greece for the production of electricity (1,149 tn CO₂/MWh) we estimate the CO₂ emissions that can be saved through the application of the policy are 86,167 tn per annum.

Municipality of Thermi		
	75 MWh	MWh that become renewable
	86,17 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

In Thermi, there is one parking area available that will be leased by the Municipality to an individual. That individual has agreed to install PVs of 10 kW installed capacity, as well as a charging station for Electric Vehicles. The produced electricity by PVs is 12,5 MWh/annum. This electricity production is able to charge 4 cars for a year (assuming that an EV consumes 150 Wh/km) and a car in Greece makes 20.000 km/year in average. If these EVs replace 4 conventional gasoline cars with a CO₂ emissions of 140 g/km then the saving is 11,2 tn CO₂/year.

Municipality of Pilea-Hortiatis	
11,2 t CO ₂ eq	Reduction of CO ₂ emissions (t CO ₂)

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals in order to replace their vehicles.

14. Municipality of Volvi

Since local elections took place on the 26th of May and there was a change regarding the Mayor and the Municipal Council of Volvi, the following three pilot policies were not able to be implemented at this point. The new Mayor will further examine the analysis of the policies presented to him and take action in a later time.

Reduction of Fee for Municipal Real Estate Leasing when using RES

This specific policy takes effect in the case of Leasing of Municipal Buildings to a private individual. There is a specific incentive in the form of a reduction in the leasing fee in the case the investor installs RES. It is a policy that during the analysis presented in Deliverable 3.3.1. would not affect negatively any other policies while at the same time is consistent with the Legal and Economical Framework regarding Greek Local Authorities.

Additionally, it has the least negative impact on the Municipality's revenue since it requires no initial capital to be implemented.

Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES

This specific policy's concept is to be implemented in the case of a Municipal's open parking space is leased to a private individual and offers a certain fee reduction in the case the investor installs charging stations for Electric Vehicles.

Undoubtedly, it is a policy that as it was fully described in Deliverable 3.3.1 has no negative effect on other RES promoting policies while at the same time based on the Municipality of Volvi's budget analysis will have an insignificant effect on its Revenue in contrast with the Environmental advantages it will have.

Reduction of Paking Fees for Electric and Hybrid Vehicles

Regarding this particular policy it is practically impossible to measure and evaluate its outcome at this moment. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals to replace their vehicles. In any case it is a pilot policy fully consistent with the Legal and Economical Framework regarding Greek.

3.5. Italy

3.5.1. Italian Tax System for Local Authorities

Description of the main Italian Tax System managed by Local Authorities it's given in the table below:

1 Municipal additional Tax on Income tax
2 Unified Municipal Tax (IUC) that includes:
2.1 TARI (Waste Management Tax)
2.2 TASI (Indivisible Services Tax)
2.3 IMU (Properties Tax) – Actually building used as main houses are excluded
3 Concession fees
4 Municipal Tax on Advertisements
5 Fee for installation of advertising media
6 Tax for use of public spaces and areas
7 Tourist Tax
8 Landing Fee (Port and Airports)
9 Incomes from local public services management (e.g. parking areas, school busses, etc.)

3.5.2. Description of Fiscal Policies of Pilot Municipalities

The Renewable Energy policy proposed and adopted by the Pilot Municipalities is Regional Law 18 luglio 2017, n. 7.

The aims of this policy are the promotion and the protection of the integrity of the municipal territory, respecting its identity and contributing to its sustainable development. In detail, this initiative pursues the objectives of the regional law represented in the following points:

- The protection and enhancement of the environmental, cultural and landscape heritage;
- The limitation of land consumption;
- The territorial rebalancing;
- The urban regeneration;
- The redevelopment and building renovation, urban context, degraded areas, recovering abandoned buildings, improving social and environmental housing conditions through the use of structures and materials deriving from the demolition of civil and infrastructural buildings and works.

To achieve the purposes of facilitating the regeneration and building substitution interventions its are foreseen with volumetric increments of up to 40% but even the possibility of

delocalizing the interventions, allowing the change of intended use by acting on the technical implementing rules of the urban planning instrument in force.

The new initiative extends the actions aim at recovering and regeneration also providing for rewarding related to the sale of areas for the construction of public works allowing the possible equalization or delocalization of the demolition in other areas supporting the environmental, social and economic feasibility in the areas.

Furthermore, the policy has aimed at the recovery and replacement of individual buildings with possible changes in use included in the areas identified by the municipal administrations by admitting, for this purpose, specific awards up to 30%.

3.6. Malta

3.6.1. Maltese Tax System

There is no reference in the Local Councils Act allowing for the collection of taxes by Local Councils. Despite being separate legal entities, Local Councils (LCs) do not have the power either to impose local taxes or to borrow money, therefore their income mostly depends on central government: over three-quarters of LCs' revenues come, indeed, from the allocation - in terms of the Article 55 of the Act - of annual grants by the Minister of Finance under the Appropriation Act, which serves for the exercise of the functions of Local Councils. The expenditure of each LC is monitored and controlled by the central government through the provision of annual budgets.

In conclusion, it is possible to state that the Local Councils in Malta are still far from enjoying the right to regulate a substantial share of public affairs as required by the Charter and the objective of establishing a system of local self-government has not yet been achieved. This state of play is further aggravated by the impossibility for Local Councils to raise capital through the imposition and collection of taxes or charges, as well as the financial dependence on the annual government grants (Appropriation Act and Annual Budget), which still maintain the LCs in a relationship of financial dependency to the central government.

Nevertheless, Local Councils have revenue-raising powers, which they can exercise by making, amending or revoking bye-laws for the purpose of carrying out their functions and for the prevention and suppression of nuisances in their locality. More specifically, a municipal bye-law is an ordinance or a public regulatory law established by a local authority for the governing of determined subjects in a certain area, having the same validity and power of any other law of the land.

Different categories of bye-laws already published can be identified (though bye-laws of the same category slightly differ from municipality to municipality, depending on the particular needs of each Local Council):

- Adverts on Council's street furniture or in public areas under Council's responsibility
- Hire of property or equipment owned or administered by the Council
- Furniture in public places

- Administration of property for the holding of activities and use of facilities under the responsibility of the Council
- Trailers and other encumbering objects in the municipality area
- Protection of belvedere
- Exclusive zones for barbecues
- Control of outdoor activities, camping, vehicles & equipment in beaches and public places
- Remote-controlled model power boats, aeroplanes and helicopters in public places
- Beverages in glass containers in public places
- Consumption of alcoholic beverages in public places
- Loitering in specific public streets (anti-prostitution)
- Fixing and placement of notice boards
- Organisation of courses, activities, summer schools and outings
- Use and placement of skips/bins on wheels issued prior or in addition to similar regulations published by general application
- Adverts on the Council's web page on the internet
- Use of information systems
- Protection of public land during social and commercial activities
- Sale of publications and souvenirs of the Councils
- Control of pigeons and prohibition of birds at events, use of animal-drawn carriages

3.6.2. Description of Fiscal Policies of Pilot Municipalities

The 14 Local Councils of the Gozo Region have been chosen as pilot municipalities within the LOCAL4GREEN project for the design, implementation and monitoring of green fiscal policies. In the last decade, Gozo has been making important steps towards environmental sustainability and energy transition, also within the framework of EcoGozo – a comprehensive Sustainable Development strategy launched in 2008, with a strong focus on renewable energy.

The objective was not to create new taxes, but rather to redirect public ordinances regulating different local contents towards environmental purposes.

The categories of local public laws taken into consideration were:

- Hire of property or equipment owned or administered by Local Councils;
- Administration of property for the holding of activities and use of facilities under the re-sponsibility of the Council;
- Protection of public land during social and commercial activities;
- Activities requiring permit by Local Councils regulations.

1. San Lawrenz

Reduction of fees for public land occupation during building or demolition works for RES installations owners

The fiscal policy considered is Legal Notice 119/2002, regulating the permit-fee collected by Municipalities for the occupation of public land - with cranes or other equipment - for building works. The Legal Notice states that 'No person shall deposit or use any crane or other machinery during the erection, construction, or demolition of any building or similar project without a permit from the Local Council'.

Two modifications were proposed:

- a 25% reduction of the fee in the case that the applicant already has a RES installation (presently the only RES that is commonly installed in Malta and Gozo is PV).
- a 50% reduction of the fee in the case that an applicant is requesting a permit to allow the installation of a new RES system (mainly PV).

This proposal has been included in the Local Council’s agenda by the Mayor and the Executive Secretary, for a plenary discussion by all the members of the Local Council. The Local Council drafted the fiscal policy according to its administrative procedures, together with assistance from the LOCAL4GREEN project team. The final proposed fiscal policy has been presented for approval during a local council committee meeting.

However, the implementation of this fiscal policy is partially subject to the formal approval by the Council, since Legal Notice n. 119 falls under the central government competences; and any modification or eventual changes of the fees/taxes (and the corresponding losses for the local councils’ budgets) need a longer procedure and discussion to find an agreement between central and local governments (which still maintain a financial dependency from the central government).

Though San Lawrenz - with a population of 883 registered residents at April 2018 - is the second smallest municipality in Gozo, this policy is applicable to all the 14 Gozitan municipalities (Qala, Victoria, Fontana, Ghajnsielem, Gharb, Ghasri, Kercem, Munxar, Nadur, San Lawrenz, Sannat, Xaghra, Xewkija and Zebbug), thus potentially reaching more than 30,000 residents and having a significant effect on the promotion of RES in the island, in line with the 2030 National Energy Climate Plan and the EcoGozo Action Plan. Estimated impacts up to 2020 for the whole island have been quantified based on data available for the year 2017, and are shown in the table below.

14 Gozo Local Councils	2017	Up to 2020
kWp	5,110	2,426
Yearly production per kWp	1,384.915	1,329.645
GWh	7.4	3.2
Tons of CO ₂ from new installations	1879.6	812.8
Tons of CO ₂ from old installations	n.a.	6146.8

Reduction of fees for the rental of electric bikes/vehicles for RES installations owners

In 2017 San Lawrenz Local Council received a € 50,000 grant to introduce shared electric mobility (one electric vehicle to be used to transport the elderly and mobility impaired citizens and four electric bicycles for tourists and residents) in the locality.

As part of the LOCAL4GREEN project, it was proposed that the rental fee for the use of the electric bikes is waived for residents having a RES installation. In the case of residents that have RES, a special code will be allocated to the user card which would allow him/her to make use of the bike without payment. The verification of the presence of RES will be carried out at the application stage through presentation of a utility bill.

The local council accepted this “E-mobility measure” and drafted the fiscal policy according to its administrative procedures, with the technical assistance of the MIEMA team. The final fiscal incentive has been presented to the councillors for the official approval during the Local Council committee meeting n. 46 held on the 14th February 2019.

San Lawrenz Local Council	Data	Estimation
Tons of CO ₂ avoided by ebikes renting	-	3.1
Tons of CO ₂ avoided by rewarded citizens with PVs	-	0.7

2. Sannat

Fiscal Policy in relation to outdoor activities

Reduction of fees for the organisation of outdoor activities for RES installations owners

The by-law of 19th June 2018 (Subsidiary Legislation 363.205) was drafted and submitted by the Local Council of Sannat and is presently under review for approval by the Central Government. The bye-law revolves around the organisation of outdoor activities at the beach called “Mgarr ix-Xini” and nearby camping area. Presently, an entity organising an activity (including commercial events, weddings, barbeques, etc.) is required to pay a fixed fee of €7 for making use of the outdoor space, irrespective of the size of the event, commercial nature and the number of people attending.

The amended bye-law states that no entity may undertake an activity in a designated beach or camping area without the prior written authorisation of the Local Council. When submitting an application for a permit, the applicant should indicate the number of participants for whom the activity would be intended and, by default, it is presumed that the activity is intended for more than fifty persons.

As part of the LOCAL4GREEN project, it was proposed to have a percentage reduction or a complete waiver of the fee that is collected for the organisation of events in the above-mentioned location in the case that the applicant has a RES installation (presently the only RES that is commonly installed in Malta and Gozo is PV). The presence of RES installation can be easily verified by presentation of the latest utility bill by the resident/applicant, on which the PV installation would be clearly mentioned. The definition of the exact reduction of the fee is being assessed and discussed with the mayor and members of the Council.

The bye-law is still under modification by the Local Council and no data is still available for the number of permits annually given. An esteemed evaluation has been undertaken.

3. Kercem

Fiscal Policy in relation to public parking facilities

Reduction of fees for the organisation of outdoor activities for RES installations owners

The Local Council of Kercem issued in 2012 a bye-law regulating the rental of garages in Civic Centre. These garages can be rented - after a public call for tenders – for a period of five years, and the rates of garage rental shall not be less than € 900 per year for one car garage, and € 2,000 per year for three car garage.

The Local Council of Kercem proposed to offer a 5% - 10% reduction in the rates charged to tenants renting garages from the Local Council, following any call for tenders issued according to the bye-law, in case the tenant has installed PVs or other RES systems at his/her residence (PVs currently constitute the only RES commonly installed in Malta and Gozo). The presence of a RES installation can easily be verified from the latest utility bill, where a PV installation would be clearly indicated.

The bye-law is still under modification by the Local Council and no data is still available for the number of permits annually given. An esteemed evaluation has been undertaken.

3.7. Portugal

The Portuguese tax system, in the normative domain, is based on a set of state and local taxes, direct and indirect. The most usual classification of this set is that which takes into account the economic nature of the basis on which taxes are levied. In this respect, taxes on income, taxes on wealth and taxes on expenditure are distinguished. Social security contributions are usually added to them.

This chapter presents the main rules of the Portuguese tax system, considering the changes introduced by the State Budget Law for 2018 (Lei Nr. 114/2017), as well as subsequent legislative changes to the main taxes of the Portuguese tax system.

3.7.1. Portuguese Tax System

1. National taxes

- Value added tax (VAT)
- Stamp Duty
- Special Taxes and Excise Duties
 - Vehicle tax (ISV)
 - Tax on alcohol and alcoholic beverages (IABA) and sugar-sweetened beverages
 - Oil and energy products tax (ISP)
 - Excise duties on tobacco
 - Lightweight plastic bags contribution
- Special tax on gambling and special tax on online gambling

2. Municipal Taxes

The local authorities are entitled to define reductions, exemptions or other modifications on Municipal Taxes.

- Municipal Tax on Real Property (IMI)
- Municipal Tax on Real Estate Transfer (IMT)
- Construction, Installations and Works Tax
- Municipal tourist tax

3. Other municipal tariffs/fees

The local authorities are entitled to define reductions, exemptions or other modifications on Municipal Tariffs/Fees.

- Subsoil occupation fee (TOS)
- Municipal Fee for Rights of Way
- Water Resources Fee (TRH)
- Waste management and sanitation fees
- Audiovisual contribution fee

4. Joint Taxes

The local authorities are entitled to define reductions, exemptions or other modifications on Joint Taxes.

- Personal income tax (IRS)
- Corporate income tax (IRC)
 - Municipal Surtax (Derrama Municipal)
 - State Surtax (Derrama Estadual)

5. Overview of taxes, tariffs and fees managed by local authorities

In Portugal, the local authorities manage the following taxes and tariffs/fees:

- Municipal Real Estate Tax
- Municipal Property Transfer Tax
- Municipal participation rate in the IRS
- Municipal participation rate in the IRC
- Municipal fee for rights of way
- Subsoil occupation rate
- Audiovisual contribution
- Water resources Rate
- Waste management rate
- Municipal taxes/charges of construction and land development

3.7.2. Description of Fiscal Policies of Pilot Municipalities

The green tax policies presented refer to the analysis carried out for the municipalities of the Algarve region, previously presented in the Preliminary Study, and the collection of specific information, made with each municipality.

The work carried out in the context of the elaboration of the Preliminary Studies of each municipality involved not only the analysis of the potential of renewable energy production, but also the potential of acting in the level of the various municipal taxes.

The collection of information from each municipality made it possible to identify pre-existing strategies and actions, more relevant intervention areas, among other relevant elements in the context of the implementation of fiscal policies to promote renewable energy sources in municipalities.

Reduction on Construction Licensing Fees for new buildings in the residential and commercial and services subsectors using renewable energy sources

The licensing of building and demolition works is subject to the payment of fees, in accordance with the Municipal Regulation of Fees related to the Urban Activities and Related Operations in force.

The proposed measure is Reduction of 50% on Construction Licensing Fees for new buildings in the residential and commercial and services subsectors using renewable energy sources.

Estimated impacts of the implementation of the measure "Reduction of rates of construction works for new constructions with renewable production systems" in the municipalities of the Algarve Region:

	Increase in the production of renewable energy [kWh/year]
Albufeira	10.080
Alcoutim	1.600
Aljezur	7.833
Castro Marim	5.060
Faro	6.640
Lagoa	18.993
Lagos	126.787

Loulé	31.920
Monchique	1.520
Olhão	16.600
Portimão	17.133
São Brás de Alportel	6.587
Silves	135.027
Tavira	32.427
Vila do Bispo	3.480
Vila Real de Santo António	42.833

Reduction on Municipal Real Estate Tax for buildings in the residential subsector using renewable energy systems

The Municipal Real Estate Tax (IMI) is charged on the tributary value of the rustic and urban buildings located in the Portuguese territory. It is due by the owner or usufructuary of the building on December 31 of the year to which it respects. The tax asset value is determined by the type of building.

The IMI is a direct revenue of the Portuguese municipalities. The financial and administrative management is carried out integrally by the TA - Tax and Customs Authority.

Pursuant to article 112 of the IMI Code, the Municipal Real Estate Tax is set annually by the Municipalities, in relation to the location of the buildings.

The tax for urban buildings already assessed under the IMI Code range from 0.45% to 0.30%, and for rural buildings the applicable rate is 0.8%, always taking as reference the valuation value of the property.

The proposed measure is Reduction of 50% on Municipal Real Estate Tax for buildings in the residential subsector using renewable energy systems for electricity production for self-consumption.

Estimated impacts of the implementation of the measure "Reduction of IMI rates for fractions of housing with renewable production systems" in the municipalities of the Algarve Region:

	Increase in the production of renewable energy [kWh/year]
Albufeira	234.601
Alcoutim	357.666
Aljezur	1.588.222
Castro Marim	855.503
Faro	1.176.058
Lagoa	1.104.415
Lagos	2.045.617
Loulé	276.368
Monchique	1.096.013
Olhão	265.802
Portimão	878.169
São Brás de Alportel	234.601
Silves	357.666
Tavira	1.588.222
Vila do Bispo	855.503
Vila Real de Santo António	1.176.058

Reduction on Corporate Tax in the commercial subsector using renewable energy systems

Resident companies are subject to Portuguese Corporate Income Tax (IRC) on their worldwide income. Resident companies are those which have their head office, or place of effective management, in Portugal.

Non-resident companies with a permanent establishment in Portugal are liable for IRC on the income attributable to that permanent establishment. A non-resident company with no permanent establishment in Portugal is taxed on the following types of income sourced in Portugal: real estate, capital gains, dividends, services, interest and royalties.

The proposed measure is Reduction of 50% on Corporate Tax for buildings in the commercial and services subsectors using renewable energy systems for electricity production for self-consumption.

This measure has not been carried out by any of the municipalities.

Reserved and/or free parking in municipal car parks for electric vehicles

As the transport sector is one of the largest emitters of CO₂, it is suggested the adoption of exemption from payment for electric vehicles, in municipal car parks.

In municipalities where there are no paid parking areas, it is proposed the reservation of, at least, two parking spaces for owners of electric vehicles. Those spaces must be properly marked.

However, several municipalities reported not having parking problems, so the measure will not have a significant impact.

This measure has not been carried out by any of the municipalities.

Partial contribution of the tourist tax for renewable generation

For the municipalities of the Algarve, except for the municipality of Vila Real de Santo António, it is proposed to apply a fee of 1,50 € (one euro and fifty cents) per night and per guest, aged over 12 years, which is accommodated in tourist and local accommodation establishments, up to the limit of 4 nights per stay, between March and October.

In the municipality of Vila Real de Santo António, the future tourist tax will have the maximum value of 1,00 € (one euro) per night, being exempt from payment under 10 years old (minors between 11 and 13 years old pay 50%). It will be applied in all types of accommodation, up to a maximum of 7 nights.

The proposed measure aims at channelling 10% of the value of the revenues from the application of the tourist tax to improvements in public lighting, by replacing the current ones for LED with an added photovoltaic system, thus promoting renewable production in the municipality.

Estimated impacts of the implementation of the measure "Partial contribution of the tourist tax for renewable generation" in the municipalities of the Algarve Region:

	Increase in the production of renewable energy [kWh/year]
Albufeira	132.754
Alcoutim	0
Aljezur	1.409
Castro Marim	3.346
Faro	10.458
Lagoa	29.187
Lagos	23.153
Loulé	53.078
Monchique	1.915
Olhão	3.287
Portimão	45.862
São Brás de Alportel	0
Silves	6.237
Tavira	15.038
Vila do Bispo	8.456
Vila Real de Santo António	50.318

3.8. Slovenia

3.8.1. Slovenian Tax System

Article 6 of the Financing of Municipalities Act stipulates that the sources of financing municipalities are municipal budget revenues deriving from:

Municipal own tax sources:

- property tax;
- vessel tax;
- tax on real estate transactions;
- inheritance and gift tax;
- tax on winnings from conventional games of chance and
- any other tax where so provided by the Act governing taxes.

Municipal own non-tax (other) sources:

- imposed contributions,
- fees (dues),
- fines,
- concession fees,
- payments for local public services, etc.,
- (environmental taxes)

In comparison to other countries local governments in Slovenia are severely limited in adopting and implementing fiscal policies. However there are some sources that can be (semi)autonomously set and then utilized to promote renewable energy sources. For the purpose of this report it is important to understand how much, fiscal autonomy municipalities have. Their ability to adapt own fiscal policy to gain more revenue (and/or reallocate it to RES) can be understood as municipal fiscal capacity.

There are two revenues that are closely linked to the area of protecting environment and sustainable development:

- **Tax for environmental pollution** due to the discharge of waste water (is 100% municipal revenue, however municipality is not allowed to modify taxation)
- **Environmental levy on pollution** caused by the disposal of waste (84% of this tax revenue goes to the municipality, municipality is not allowed to modify taxation)

Additionally, there are four fiscal mechanisms that are enabling local governments to gain revenue for RES promotion as they more flexible regarding municipal modification of the taxation and regarding how revenue from them is spent. Most potential municipal taxes and non-taxes that can be modified (or set) by municipalities, are:

- **Compensation for the use of building land: 12,4%** of Slovenian municipalities total income (there is an option to exempts buildings that use RES from this taxation);
- **Municipal fees: 0,2%** (possibly, depends on the content of the taxation area);
- **Communal contributions: 2,6%** (depends on type of land and other factors, there is an option to favour RES users; has to be earmarked);
- **Tourist tax: 0,7%** (especially if municipality is promoting sustainable/green tourism; has to be earmarked).

Due to legislative limitations only tax on **Compensation for the use of building land (NUSZ)** is independently set by local authorities. Since Compensation for the use of building land represents the highest revenue among all four sources, it is most efficient to modify (differentiate, allocate) it in order to gain revenues needed for RES promotion.

3.8.2. Description of Fiscal Policies of Pilot Municipalities

1. Municipality of Grosuplje

Which RES projects to implement?

a. There is a significant daily migration from Grosuplje to Ljubljana, meaning that Grosuplje could especially promote **RES in mobility**. The municipal government could establish a P+R (park and ride) system that would promote public transport for daily migrations with train. The municipal government should offer free parking spaces near train station and/or public bicycles renting with five stations throughout municipality and linked to train station.

b. Since **Communal contribution** in the municipality is above national average (about 40€/citizen), it would be more suitable to **lower this tax for those who use RES in new constructions**. An economically sustainable amount would be 1.000 €/ construction.

c. Since Grosuplje is developed above the national average, **municipal tax should be higher**. Now it amounts to only 2,5 €/ citizen/ year, but raising it for only 1 €, municipality would increase budget for 19.000 €. These could in turn be used for **subsidizing electric vehicles purchases** and since Grosuplje already has charging stations it would be strategic to enhance number of electric vehicles (subsidy in the amount of 5.000 €/vehicle (up to 20 new vehicles per year) = 100.000 €).

Measure of local fiscal policy

Methods for allocation of sources for RES promotion:

- Rise and differentiation of the Compensation for the use of building land – is set lower than on average in other Slovene municipalities. RES users pay less, non-RES users pay more. Estimated increase in revenue is 15 €/year/citizen on average.
- Rise of the Compensation for the use of building land for those, who have building plot and do not erect building in defined period because of the speculative purposes, thus hamper municipality development potential. Estimated increase in revenue is 5 €/year/citizen on average.
- Rise of the Municipal tax for 1 €/ citizen/ year

Measures of municipality for promotion of the renewable energy sources

- Establishment of Park and Ride system that would promote public transport for daily migrations with train with free parking spaces and/or public bicycles renting with five stations throughout municipality.
- Lowering the Communal contribution for those who use RES in new constructions.
- Subsidizing electric vehicles purchases in the amount of 5.000 €/vehicle.

Technical criterion	
GHG emissions reduction	16.200 tCO ₂ /a
Reduction of fossil fuels use and/or transition to RES	6.300.000 l/a or 78.750 MWh/a
Cost of adapting to renewable sources in average	5 EUR/MWh

2. Municipality of Ivančna Gorica

Which RES projects to implement?

a. **Upgrading district heating system on wood biomass by expanding heating network.**

b. **Optimisation of the district heating system with dynamic thermo-hydraulic system** with estimated saving of 10% of cost.

c. **Digitalisation and management of energy supply in public buildings** (which is also obligation of municipalities after the Act of energy management in public buildings from 2018.

d. There is a significant daily migration from Ivančna Gorica to Ljubljana (distance 30km), meaning that Ivančna Gorica could especially promote RES in mobility. Local government should **subsidize electric vehicles purchases**.

Measure of local fiscal policy

Methods for allocation of sources for RES promotion:

- Raise and differentiation of the Compensation for the use of building land.
- Implementation of the Municipal tax (municipality has no revenue from this tax at all).
- More consistent tourist tax collection.
- Increased revenue from Communal contributions.

Measures of municipality for promotion of the renewable energy sources

- Upgrade and extension of the RES district heating system.
- Optimisation of the district heating system with dynamic thermo-hydraulic system.
- Digitalisation and management of energy supply in public building.
- Subsidizing electric vehicles purchases in the amount of 5.000€/vehicle.

Technical criterion	
GHG emissions reduction	600 tCO ₂ /a
Transition from fossil fuels to RES	2.200 MWh/a
Cost of adapting to renewable sources in average	1.140 EUR/MWh

3. Municipality of Kamnik

Which RES projects to implement?

a. **Share of Tourist tax** (at least 50%, which amounts to 25.000 €) could be allocated for enhancing sustainable touristic development by **subsidising solar collector installation** (subsidy in amount of 10 % of the total investment).

b. In line with enhancing touristic activity of the municipality, historical part of the city could be closed for the traffic and parking spaces could offer additional resource (30% **higher parking rates** amounting to 14.000 €/year), to be invested in **subsidizing public transport**.

c. Communal contribution per capita is on the lower side (in comparison to other municipalities) especially if understood within average development coefficient level of Kamnik. With **raising Communal contribution** for 2 €/citizen/year, municipality could gain additional 60.000 €/year, that could be allocated for **subsidizing RES in individual buildings** (up to 10% of the investment).

d. Investment in **sustainable mobility with bicycle renting system** (municipal investment 28.000 €), in combination with closing city centre and preserving historical part of the city.

Measure of local fiscal policy

- Differentiation of the Compensation for the use of building land – RES users pay less, non-RES users pay more. Estimated increase in revenue is 2 €/year/citizen and even more for legal persons if they don't utilize RES.
- At least 50% of Tourist tax revenue.
- 30% higher parking rates in historical part of the city.
- Raising the Communal contribution for 2 €/year/citizen.

Measures of municipality for promotion of the renewable energy sources

- Enhancement of sustainable touristic development by subsidising solar power plants installation (subsidy in amount of 10 % of the total investment).
- Subsidizing public transport.
- Subsidizing RES in individual buildings (up to 10% of the RES system investment).
- Investment in sustainable mobility with bicycles renting system.

Technical criterion	
GHG emissions reduction	7.290 tCO ₂ /a
Reduction of fossil fuels use and/or transition to RES	2.830.000 l/a or 35.400 MWh/a
Cost of adapting to renewable sources in average	3,9 EUR/MWh

4. Municipality of Kočevje

Which RES projects to implement?

a. Kočevje has increased number of users of district heating system on wood biomass by ensuring fixed energy price for legal persons (difference in price is covered by municipality). Since number of users increased, cost of energy is lower, which in turn attracts new users to connect to the system. Currently about 40.000 € is allocated from municipal budget for this

purpose. This budget expense is balanced by “new” revenue, that is **optimisation of collecting Compensation for the use of building land**.

b. Municipality subsidizes **energy optimization of multi-family housing**, owned by natural persons in the amount of 7.000 €.

c. Reconstruction of public lighting lowered energy consumption, resulting in 70.000 €/year savings. With savings the reconstruction investment (500.000 €) was paid off.

d. Because of geographical characteristics of Kočevje (very large territory, with low population density) there are territories within municipality that will not be connected to district heating system. For those users, municipal government adopted a decree (June 13th 2019) to **subsidize changing boilers with RES-based ones** in the amount of 2.000 €. The municipality, however, has the authority to monitor if users are using new energy product. Costs of subsidizing is balanced with higher income from Compensation for the use of building land in the amount of 2 €/year/building, which totals 24.000 €/year.

e. Optimisation of the district heating system with dynamic thermo-hydraulic system with estimated saving of 10% of cost. Investment is approximately 30.000 EUR, payback period 3 years, than the revenue from savings amounts to 10.000 EUR/year.

f. Digitalisation and management of energy supply in public building (which is also obligation of municipalities after the Act of energy management in public buildings from 2018. Investment is estimated to 95.000 EUR, payback period is 5 years, after that period, the revenue from savings amounts to 19.000 EUR/year, which can be used for RES promotion, mainly for **increase the number of district heating system users**.

Measure of local fiscal policy

- Differentiation of the Compensation for the use of building land – RES users pay less, non-RES users pay more. Estimated increase in revenue is 4 €/year/building

Measures of municipality for promotion of the renewable energy sources

- Subsidizing the price of heat to increase number of district heating system users in urban area (93% RES) – measure of limited duration* until users will be enough to stabilise price of heat on competitive level.
- Optimisation of the district heating system with dynamic thermo-hydraulic system.
- Digitalisation and management of energy supply in public building
- Subsidizing the boiler change to RES boilers in sub-urban area.

Technical criterion	
GHG emissions reduction	150 tCO ₂ /a in 2020 to 600 tCO ₂ /a in 2027
Reduction of fossil fuels use and/or transition to RES	560 MWh/a in 2020 to 2.250 MWh/a in 2027
Cost of adapting to renewable sources in average	127 EUR/MWh

5. Municipality of Kranj (City of Kranj)

Which RES projects to implement?

By far, the most important measure to reduce the carbon footprint in the municipality of Kranj is to invest in the public transport network. In 2018, there were about 500,000 users/ year, but the number of users does not increase due to high ticket prices, last increased in 2013.

- a. Restriction of entry into the city centre for motor vehicles to promote preservation of the historical part of the city and promoting use of electric vehicles and use of public transport. The latter fostered by **subsidizing cost of public transport**, decrease of ticket price for urban and suburban passenger transport and increase frequency of bus runs, which increases competitiveness of public passenger transport.
- b. Possible revenue to be reallocated is from **municipal tax** (specifically parking fees), increase of number of transport ticket sold and **increased revenue from tourist tax**, as the city without or less traffic is the basis for the development of urban tourism.
- c. Additionally those legal persons that produce high levels of CO₂ should pay 5 % higher **Compensation for the use of building land**.

Investment in **sustainable mobility** with bicycles renting system, in combination with closing city centre and minimizing air pollution. Investment in bicycle renting system can be co-funded by EU funds (50%), municipality can gather other 50% by collecting Ecological tax, **Environmental tax for environmental pollution due to waste disposal** (currently there is no revenue from these sources).

Measure of local fiscal policy

- Reallocation of the Compensation for the use of building land – rise for legal entities, which do not use energy efficient or excessively burden environment up to 5%
- An increase in parking fee in the city center (now stands at € 1 / hour), which is among the cheapest among Slovenian city municipalities by 30%
- 30% increase in the number of public transportation ticket sold
- Tourist tax = the city without or less traffic is the basis for the development of urban tourism

Measures of municipality for promotion of the renewable energy sources

- Decrease of ticket price for urban and suburban passenger transport by 30%.
- Increase frequency of bus runs represents more competitiveness of public passenger transport.
- Traffic restriction of entry into the city center.
- Gradually exchange the buses for those which utilize RES.

Technical criterion	
GHG emissions reduction	13.900 tCO ₂ /a
Reduction of fossil fuels use and/or transition to RES	5.400.000 l/a or 67.500 MWh/a
Cost of adapting to renewable sources in average	3,8 EUR/MWh

6. Municipality of Križevci

Which RES projects to implement?

a. One of important municipality development strategy cornerstones is sustainable culinary and wine tourism, which could be **upgraded with eco-tourism**, for which there are all conditions met. Necessary condition for planning and management of energy resources is to include and update with this strategy orientation into Local energy concept (LEK), which is currently obsolete.

b. **Installation of solar power plants on all tourist objects (farms) and public buildings**, municipal subsidy for citizens should be in amount of 10% of the investment.

c. Installing solar collectors to provide thermal energy for hot water, where appropriate (i.e. kindergarten) municipal subsidy should be in amount of 10% of the investment.

d. Installing systems for heating with RES on all tourist objects (wood biomass or heat pump); municipal subsidy should be in amount of 10% of the investment.

Measure of local fiscal policy

- Rise and differentiation of the Compensation for the use of building land. RES users pay less, non-RES users pay more. Estimated revenue increase in total of 10%.
- Implementation of the Municipal tax (municipality has no revenue from this tax at all).
- Implementation of the Tourist tax (municipality has no revenue from this tax at all).
- Increased and differentiated Communal contributions, which increases revenue, earmarked for RES promotion, for 10%.

Measures of municipality for promotion of the renewable energy sources

- Updating the Local energy concept (LEK).
- Subsidizing the installation of solar power plants on all tourist objects and public buildings by 20%.
- Subsidizing the installation of solar collectors for water heating by 10%.
- Subsidizing the systems for heating with RES on all tourist objects 10%.

Technical criterion	
GHG emissions reduction	145 tCO ₂ /a
Transition from fossil fuels to RES	350 MWh/a
Cost of adapting to renewable sources in average	200 EUR/MWh

7. Municipality of Lenart

Which RES projects to implement?

a. The biggest challenge Lenart is facing with regard to RES is the district heating system. Although it is operating since 2011, has length of 5.000 m and 600 users, its capacity is not big enough at peak loads, when the heat is additionally produced with fossil oil. Because of the high cost of management and fossil fuel, Lenart has very high heat cost for consumers (over 110 €/MWh). High cost of energy burdens existing users, resulting in more and more disconnection from the system, which in turn again means higher cost of energy. The obstacle is, that municipality gave concession for management of the district heating system to the private entity and thus lost control over heat supply for the time of the contract. **Energy cost for long-distance heating system for users should be subsidized** (not to exceed 100 €/kWh).

This measure developed in the municipality, is not within the by-laws raised in the framework of the project LOCAL4GREEN.

b. Elimination of oil boilers using the heat accumulation and optimisation of the system.

c. Optimisation of the district heating system with dynamic thermo-hydraulic system with estimated saving of 10% of cost. Investment is approximately 30.000 EUR, payback period 4 years, than the revenue from savings amounts to 7.500 EUR/year.

d. Digitalisation and management of energy supply in public buildings (which is also obligation of municipalities after the Act of energy management in public buildings from 2018. Investment is estimated to 40.000 EUR, payback period is 5 years, after that period, the

revenue from savings amounts to 8.000 EUR/year, which can be used for RES promotion, mainly for **increase the number of district heating system users**.

Measure of local fiscal policy

- Rise and differentiation of the Compensation for the use of building land. RES users pay less, non-RES users pay more. Estimated revenue increase in total of 10%.
- Implementation of the Municipal tax (municipality has no revenue from this tax at all).
- Increased and differentiated Communal contributions, which increases revenue, earmarked for RES promotion, for 10%.

Measures of municipality for promotion of the renewable energy sources

- Subsidizing the price of heat to increase number of district heating system users in urban area – measure of limited duration until users will be enough to stabilise price of heat on competitive level.
- Optimisation of the district heating system with dynamic thermo-hydraulic system.
- Digitalisation and management of energy supply in public building.
- Elimination of oil boiler from the district heating system to become a nearly 100% RES using the heat accumulation and optimisation of the system.

Technical criterion	
GHG emissions reduction	300 tCO ₂ /a
Transition from fossil fuels to RES	1.200 MWh/a
Cost of adapting to renewable sources in average	325 EUR/MWh

8. Municipality of Trebnje

Which RES projects to implement?

a. Upgrading district heating system to enable connection of individual objects, since current system supplies heat only to city centre and industrial part of the city. Instead of enhancing capacity of boiler room, funds should be allocated to expanding heating network. Investment is approximately 700.000 € (bank credit; monthly payments are financed from above-mentioned taxation).

b. Optimisation of the district heating system with dynamic thermo-hydraulic system with estimated saving of 10% of cost. Investment is approximately 30.000 EUR, payback period 4 years, than the revenue from savings amounts to 7.500 EUR/year.

c. Digitalisation and management of energy supply in public buildings (which is also obligation of municipalities after the Act of energy management in public buildings from 2018. Investment is estimated to 50.000 EUR, payback period is 5 years, after that period, the revenue from savings amounts to 10.000 EUR/year, which can be used for RES promotion, mainly for **increase the number of district heating system users**.

Measure of local fiscal policy

- Rise and differentiation of the Compensation for the use of building land – is set lower than on average in other comparable Slovene municipalities.
- Implementation of the Municipal tax (municipality has no revenue from this tax at all).

Measures of municipality for promotion of the renewable energy sources

- Upgrade and extension of the RES district heating system.
- Optimisation of the district heating system with dynamic thermo-hydraulic system.
- Digitalisation and management of energy supply in public building.

Technical criterion	
GHG emissions reduction	400 tCO ₂ /a
Transition from fossil fuels to RES	1.500 MWh/a
Cost of adapting to renewable sources in average	470 R/MWh

3.9. Spain

3.9.1. Spanish Tax System

In order to place ourselves on the different possible actions that local entities can carry out to promote the use and implementation of renewable energy sources, it is intended to analyze the range of possibilities available to them based on current national legislation, since these establish certain limitations to the regulation of the municipalities in relation to local taxes.

The Royal Legislative Decree 2/2004 of 5 March, which approves the consolidated text of the Local Haciendas Regulatory Law (the "LRHL"), lays the foundations of national regulations on local taxes in the territory of Spain.

Article 2 of the LRHL lists the different resources available to local entities, establishing their general financial resources framework.

In any case, as under consideration of this project, we focus on own resources from taxes, which are classified in fees, special contributions and taxes. These own taxes also tend to be the largest sources of financing for local entities.

Description of national regulations regarding local fiscal policies and the ability of local authorities to implement fiscal policies to promote RES.

- Property Tax (IBI in its Spanish acronym)
- Tax on Economic Activities (IAE in its Spanish acronym)
- Tax on motor vehicles (IVTM in its Spanish acronym)
- Tax on constructions, installations and works (ICIO in its Spanish acronym)
- Tax on increase in value of urban land (IIVTNU in its Spanish acronym)
- Municipal tax on luxury
- Fees for municipal waste and fees for the provision of sanitation services
- Public prices
 - Concessions
 - Concessions of public domain assets
 - Other services
- Special contributions
- Changes in tax ordinances for the approval of green policies

3.9.2. Description of Fiscal Policies of Pilot Municipalities

Description of local fiscal policies considered best practices.

1. Dolores

Fiscal Policies proposed and approved by the Dolores Municipality.

Fiscal Ordinance Tax on Constructions, Installations and Works (ICIO)

This ordinance was approved at the extraordinary session of the City Council of Dolores held on November 16, 2018, and after following the procedure established in the LRHL, it has entered into force.

Based on this calculation system, the annual impact for this ordinance is estimated as follows: it is estimated that the amount of KWh that become renewable energy is 105,980 KWh (83,270 KWh in homes and 22,710 KWh in companies) and that the total kg of CO₂ that is stopped emitting each year amounts to 40,802 kg (32,059 kg in homes and 8,743 kg in companies).

Fiscal Ordinance Regulating the Tax on motor vehicles (IVTM)

The announcement of the definitive approval of the tax ordinance regulating the tax on motor vehicles has been announced. This was published in the BOP of Alicante nº229 dated November 30, 2018. It entered into force on January 1, 2019.

Based on this calculation system, the annual impact for this ordinance is estimated as follows:

From the data of the average consumption of combustion engine vehicles, in parallel with the average consumption of an electric vehicle, and for a forecast that 2% of passenger cars are eligible for the proposed bonus, it is estimated that the amount of t/km of CO₂ that is stopped emitting is 81.

Impact in annual terms

Based on the above, the total impact, in terms of KWh that are generated from renewable energy and kg of CO₂ that is no longer emitted, amounts to:

Concept	Impact
KWh that become renewable	105.980,00
Estimate CO ₂ emission reduction (kg CO ₂ eq) per year	121.478,30

2. Pedreguer

Fiscal Policies proposed and approved by the Pedreguer Municipality.

Fiscal Ordinance Regulating Property Tax (IBI)

This ordinance was approved at the extraordinary session of the City Council of Pedreguer held on October 29, 2018, and after following the procedure established in the LRHL, it has entered into force. It entered into force on January 1, 2019.

Based on this calculation system, the annual impact for this ordinance is estimated as follows:

Based on data on the number of households, and a forecast that 1% of homes will benefit from the proposed bonus, it is estimated that the amount of KWh that will become renewable energy is of 175,200 KWh and that the total kg of CO₂ that is stopped emitting each year amounts to 67,452 kg.

Fiscal Ordinance Regulating Tax on motor vehicles (IVTM)

The current situation of this proposal is the final approval of the fiscal ordinance regulating the tax on motor vehicles (IVTM) has been announced. This was published in the BOP of Alicante No. 229 dated November 30, 2018. It entered into force on January 1, 2019.

Based on this calculation system, the annual impact for this ordinance is estimated as follows:

From the data of the average consumption of combustion engine vehicles, in parallel with the average consumption of an electric vehicle, and for a forecast that 2% of passenger cars, it is estimated that the amount of t/km of CO₂ that is not emitted is 98.

Fiscal Ordinance Regulating Tax on constructions, installations and works (ICIO)

The current situation of this proposal is that the final approval of the tax ordinance regulating construction, installations and works (ICIO) has been announced. This was published in the BOP of Alicante No. 131 dated July 11, 2018. It entered into force on January 1, 2019.

Based on this calculation system, the annual impact for this ordinance is estimated as follows:

Based on data on the number of households in 2017, and a forecast that 0.5% of homes will benefit from the available bonus, together with the number of companies in 2018 in the locality, and a forecast that 0, 5% of these benefit from the proposed bonus, it is estimated that the amount of KWh that become renewable energy is 113,550 KWh (90,840 KWh in homes and 22,710 KWh in companies) and that the total kg of CO₂ left of issuing each year amounts to 43,717 kg (34,973 kg in homes and 8,743 kg in companies).

Fiscal Ordinance Regulating Tax on Economic Activities (IAE)

This ordinance was approved at the extraordinary session of the City Council of Pedreguer held on October 29, 2018 and the final approval of the tax ordinance regulating said tax has now been announced. This was published in the BOP of Alicante No. 242 dated December 20, 2018. It entered into force on January 1, 2019.

Based on this calculation system, the annual impact for this ordinance is estimated as follows:

From the data of the number of companies in 2018 in the locality, and a forecast that 1% of these are eligible for the proposed bonus, it is estimated that the amount of KWh that will become energy renewable is 105,980 KWh and the total kg of CO₂ that is stopped emitting each year amounts to 40,802 kg.

Impact in annual terms

Based on the above, the total impact, in terms of KWh that are generated from renewable energy and kg of CO₂ that is no longer emitted, amounts to:

Concept	Impact
KWh that become renewable	394.730,00
Estimate CO ₂ emission reduction (kg CO ₂ eq) per year	151.971,15

3. Quart de Poblet

Fiscal Policies proposed and approved by the Quart de Poblet Municipality.

It has been submitted to the Plenary for the approval, prior the necessary legal and economic reports, of the partial modification of the following Fiscal Ordinances:

Fiscal Ordinance Regulating Property Tax (IBI)

In the case of IBI, an estimate has been made that 1% of households receive this bonus. An average of installed power in each of the 2.5 kW homes has also been assumed. With these data, the results obtained are the following:

Concept	Impact
KWh that become renewable	437.197 kWh
Estimate CO ₂ emission reduction (kg CO ₂ eq) per year	168.32 kg de CO ₂ eq

Fiscal Ordinance Regulating Tax on Economic Activities (IAE)

For the IAE, an estimate of 1% of the companies has been accepted and, in the same way, an average of installed power in each of these 10 kW companies has been assumed. The results are the following:

Concept	Impact
KWh that become renewable	213.744 kWh
Estimate CO ₂ emission reduction (kg CO ₂ eq) per year	82.291 kg de CO ₂ eq

Fiscal Ordinance Regulating Tax on increase in urban land value (IIVTNU)

This fiscal ordinance was approved by the Municipality but it has not been possible to calculate the CO₂ reduction or the kWh that become renewable.

Fiscal Ordinance Regulating Tax on constructions, installations and works (ICIO)

And for ICIO, taking into account that it includes both homes and companies and that the bonus is aimed at solar installations for self-consumption, the following values have been taken into account. It has been estimated that 0.5% of households in Quart de Poblet benefit from this bonus, with an average installed capacity of 2.5 kW and that 0.5% of companies also receive, with an average power 5 kW (the installed capacity in companies that have self-consumption facilities is usually between 3 and 5 kW). The results obtained:

Concept	Impact
KWh that become renewable	272.436 kWh
Estimate CO ₂ emission reduction (kg CO ₂ eq) per year	104.888 kg de CO ₂ eq

The City Council already planned to include in the new tax ordinances bonuses to encourage the use of energies that come from renewable energy, but were consolidated with its participation in the LOCAL4GREEN project.

4. Alfàs del Pi

The current status of the proposals submitted to the City of Alfàs del Pi is as follows.

Regarding the impact in terms of renewable energy development (MWh), and in terms of reduction of greenhouse gases (CO₂eq), it is too early to have significant data, since the municipalities have just included these policies as actions.

There are no values or quantitative data so to calculate the impact a series of estimates have been made for each of the fiscal policies regarding the introduction of renewable energy sources and therefore in terms of reducing GHG emissions.

Fiscal Ordinance Regulating Property Tax (IBI)

In this case, an estimate has been made that 1% of households are going to receive this bonus, taking into account that in the case of Madrid the number of homes under that bonus until 2017 was nil. An average of installed power in each of the 2.5 kW homes has also been assumed. With these data, the results obtained are the following:

Concept	Impact
KWh that become renewable	469.983 kWh
Estimate CO ₂ emission reduction (kg CO ₂ eq) per year	180.944 de CO ₂ eq

Fiscal Ordinance Regulating Tax on motor vehicles (IVTM)

In this case, only passenger cars have been taken into account (vans, mopeds, motorcycles and trucks have been excluded) and an estimate has been made that 2% of passenger cars become electric. The results:

Concept	Impact
Estimate CO ₂ emission reduction (t/km) per year	223 t/km de CO ₂

The energy savings achieved by implementing these measures is quite difficult to quantify. In any case, during the implementation of the project, monitoring will be carried out to obtain more accurate results regarding the application of the measures.

5. Alaquàs

Specifically in Alaquàs, of the five policies proposed in the project, they are currently addressing the tax on motor vehicles.

In the municipality of Alaquàs they have been working on the fiscal policies that are proposed in the LOCAL4GREEN project since 2016. Although in 2004 a fiscal ordinance regulating the tax on economic activities (IAE) was approved.

In this way, the Fiscal Ordinance regulating the tax on economic activities approved in Alaquàs, as noted above, is in line with what is currently set by the Local Haciendas Regulatory Law (the "LRHL"),

Likewise, in September 2001, the Fiscal Ordinance regulating the tax on constructions, installations and works entered into force.

From the beginning of the LOCAL4GREEN project until March 2019, no measures have been approved in Alaquàs, but it is true that work is being done in the right direction with the proposal on which the City Council is currently working and negotiating, on the modification of the Fiscal Ordinance Regulating the tax on motor vehicles. But finally it has not been possible to present and approve in January 2019 as originally planned.

The fiscal policy analyzed - the proposed Fiscal Ordinance on the IVTM, already named - is currently under negotiation by the different political groups of the municipality of Alaquàs, with the intention of being approved in the future, and implemented by of the local municipal authorities. However, because approval is still pending, it is impossible to account for and measure the degree of progress of the mechanisms that are being developed by the municipal authorities.

6. Altea

The current status of the proposals submitted to the City of Altea is as follows.

Although Altea has been working to promote renewable energy and increase sustainability at the municipal level, regulatory tax ordinances have not been approved since the beginning of

the LOCAL4GREEN project in 2016. Altea, of the five policies proposed in the project has not approved any, although it has approved the tax ordinance regulating the fees for providing services related to licences, authorisations and other administrative documents of prior communications and responsible declarations and other environmental actions has been addressed, specifically through the approval of a municipal ordinance, with an urban compatibility certificate.

7. Almussafes

Fiscal Policies proposed and approved by the Almussafes Municipality.

After the study of the initial situation of the municipality, both of the existing ordinances and the chapter on revenue from the budget of its City Council, several meetings and conversations are held, finally proposing a proposal to initiate the approval process by the Plenary of the Town hall. Specifically, the implementation of bonuses within the Green Fiscal Policies program is proposed, in terms of:

Fiscal Ordinance Regulating Tax on Economic Activities (IAE)

The current situation of the proposal presented to the City Council of Almussafes is that it has not been approved by the Plenary of the City Council.

8. Godella

Fiscal Policies proposed and approved by the Godella Municipality.

After studying the initial situation of the municipality, both the existing ordinances and the income chapter of the budget of its City Council, several meetings and conversations are held, finally proposing four proposals to initiate the approval process by the Plenary of the Town hall. Specifically, the implementation of bonuses within the Green Fiscal Policies program is proposed, in terms of:

Fiscal Ordinance Regulating Property Tax (IBI)

Fiscal Ordinance Regulating Tax on constructions, installations and works (ICIO)

Fiscal Ordinance Regulating Tax on motor vehicles (IVTM)

Fiscal Ordinance Regulating Tax on Economic Activities (IAE)

They have not been finally approved, and therefore no fiscal measures have been carried out that encourage the use of green policies in the municipality.

9. Muro de Alcoy

Fiscal Policies proposed and approved by the City of Muro de Alcoy.

After studying the initial situation of the municipality, both the existing ordinances and the income chapter of the budget of its City Council, various meetings and conversations are held, finally proposing two proposals to initiate the approval process by the Plenary of the Town hall. Specifically, the implementation of bonuses within the Green Fiscal Policies program is proposed, in terms of:

Fiscal Ordinance Regulating Tax on motor vehicles (IVTM)

Fiscal Ordinance Regulating Tax on Economic Activities (IAE)

The current situation of the proposals presented to the City of Muro de Alcoy is that they have not been approved by the Plenary of the City Council.

10. Xeresa

Fiscal Policies proposed and approved by the Xeresa Municipality.

After studying the initial situation of the municipality, both the existing ordinances and the income chapter of the budget of its City Council, several meetings and conversations are held, finally proposing four proposals to initiate the approval process by the Plenary of the Town hall. Specifically, the implementation of bonuses within the Green Fiscal Policies program is proposed, in terms of:

Fiscal Ordinance Regulating Tax on constructions, installations and works (ICIO)

Fiscal Ordinance Regulating Tax on motor vehicles (IVTM)

Fiscal Ordinance Regulating Tax on Economic Activities (IAE)

Fiscal Ordinance Regulating Property Tax (IBI)

The current situation of the proposals presented to the City Council of Xeresa is that they have not been approved by the Plenary of the City Council.

11. Callosa d'en Sarrià

Fiscal Policies proposed and approved by the City of Callosa d'en Sarrià.

Although Callosa d'en Sarrià has been working to promote renewable energy and increase sustainability at the municipal level, regulatory tax ordinances have not been approved since the beginning of the LOCAL4GREEN project in 2016.

Although it is true, that in previous years - between 2012 and 2013 - modifications were approved to the tax on motor vehicles (IVTM) aimed at reducing the levels of pollution in the municipality.

4. Analysis of legislative barriers

This section has been divided into countries due to the different idiosyncrasies of each of them, in this way we can talk about the situation, problems and barriers of all of them.

The role of local authorities varies from country to country, as the dynamics of local authorities' interventions, in relation to what they can do for the adoption of policies for renewable energy sources.

4.1. Albania

In this country, the Constitution states that municipalities and regions are local government units. The municipal decision-making body is the municipal council, while the executive power is represented by the mayor. The councilors and the Mayor are elected by direct vote for a four-year term.

The **regions are not full self-governing entities** as they are not directly elected but emerge from their constituent municipalities. **However, they have their own budget and administration, though with limited responsibilities.** Municipalities delegate members to the

regional council in proportion to their population. Mayors are always members of the regional council.

Following its application for EU membership in 2011, Albania undertook new initiatives to advance the decentralization process.

Another step towards decentralization was marked in 2017 with the adoption of the new law on local finances no. 68/2017. This new law is the first comprehensive law on local government finances

The resources available to local government units in Albania, and indeed in each country, are limited to meeting all local community needs and priorities. The fact is, however, that local government resources will always be limited to the needs and priorities of the local community, but the ability of a local government is to find the right balance to balance service levels and the readiness of citizens to pay.

Ensuring financial autonomy is a guaranteed principle through the constitution and other legal provisions, including Law no. 9632/2006 on Local Taxes, Law no. 9896/2008 on local borrowing and new law 68/2017 on local finances.

Municipalities can collect fees for public services. Tariffs should be geared to covering the cost of the services provided, whose consumption is measurable. The main tariffs are related to the occupation of public space, collection and removal of waste, water supply and sewage, irrigation and drainage, licenses and permits and authorizations.

Even though the local tax and fees relief policy undertaken by Pilot Municipality provide a significant step forward toward embracing green energy production from the remaining municipalities, the Project is fully aware that **these measures alone would not suffice to achieve a full-scale use of the renewable energies that Albania possesses**. The costs of buying these equipments would provide a big impediment to families with low and middle income as well as small and medium enterprises. As such, a coordinated approach with the Central Government is very much needed in order to explore the best options in order to make the investment in these technologies affordable for all the sections of the population and businesses. Government subsidies, loan guarantees, interest rate subsidies could be some effective options that could prove effective in extending the use of renewable energy equipments.

This should be coupled with an extensive awareness campaign steered by both the Central and Local Government should be planned and carried out in order to inform citizens and businesses about the costs and benefits of using these types of equipments. This in turn, would speed up the process of switching to renewable energy sources as citizens would be fully aware of the narrow benefits (less energy costs for families and businesses) as well as broader benefits (less pollution and improved environment quality).

Furthermore, the proposed fiscal measures as well as other innovative financial mechanisms can be extended to address other energy efficiency measures that can be easily introduced such as: thermal insulation of family and business purpose buildings, solar panels for hot water, eolic energy etc.

Lastly, over the long-term horizon, the Government of Albania should invest in the power distribution sector with the needed technologies that easily allow electricity transfer from

photovoltaic equipments of families and businesses to the grid, when the electricity produced by these equipments is exceeding the daily demand. This measure would be even more attractive for families and businesses as they would be profiting even more from a financial point of view by selling the electricity to the Power Distribution Authority and able to invest on a much greater scale in these technologies given the created market opportunities.

4.2. Croatia

There are **only two realistic policies to promote renewable energy sources at the local level** in Republic of Croatia:

- Adopting a decision on a reduction of the Public utility fee by the Municipal/city Council for new buildings using renewable energy sources (Nearly Zero Energy Buildings (nZEB), households/residential sector) and
- Adopting a decision on a reduction of the Public utility fee by the Municipal/city Council for new buildings using renewable energy sources (Nearly Zero Energy Buildings (nZEB), commercial sector)

The results of conducted analyzes has shown that the legal framework in Republic of Croatia does not allow much variety of local fiscal measures.

The main activity in this phase of the process is to achieve the political will necessary for its initiation and realisation. The support of the Mayor is essential for the successful realisation of the Process. The signing of the Letters of support to LOCAL4GREEN project demonstrates that the city/municipal administration understands the importance of sustainable energy development, but this is only the first step in the right direction. Other steps must follow, the most important of which is the allocation of the required human and financial resources. Decision-makers in the city administration must be involved in the Process from the very beginning. They are the ones that can and should give support to all stages of the Process, because successful implementation is only possible with their full support.

To summarize the current situation of the barriers in this country, we have seen:

As weaknesses

- Investment gap not filled
- Local authorities internal calendars;
- Technical (legal) inertia;
- Local authorities have little room to modify their fiscal policies;
- Limited financial resources available (households/residential sector)
- lack of knowledge about nZEB standards (households/residential sector)

Ans as threats

- Lack of technical and administrative capacity;
- Lack of necessary knowledge and motivation
- Insufficient number of employees;
- Lack of interest from the local authorities to adopt fiscal policies (potential loss of budget income);
- Doubtful reaction from citizens regarding construction of houses according to Nearly zero-energy buildings (nZEB) or passive standard;

- Number of newly built houses/buildings cannot be estimated precisely;
- Long period of return on investment
- Lack of information;
- Lack of promotion via local media
- Investment cost of construction buildings according to ZEB standards

4.3. Cyprus

The local authorities in Cyprus (Municipalities and Communities) are responsible for managing a range of taxes and fees in accordance with the Municipalities and Communities Law (1985). The Law defines the maximum amount (ceiling) that each tax/fee can be set at, and the Municipality/Community council is then free to set the level (rate) for each tax/fee. On the contrary, the municipalities in Cyprus don't have the power to introduce any new category of taxation in their territory. Only the Minister of the Ministry of Interior has the authority to revise and modify the Municipalities and Communities Law (1985) and introduce a new category of taxes/fees.

Furthermore, local authorities can impose lower taxes/tariffs/fees than the maximum amount foreseen in the respective Laws via the Community or Municipality council.

It is no secret that Local Authorities face many barriers for implementing sustainable projects; these are outlined in Figure 12.

Municipalities do not have the funds needed to promote RES and energy efficiency projects. Introducing completely new taxes/fees can be controversial with the public, who will view any additional charges as less money in their pocket, which can have negative political repercussions for elected officials. Therefore, in the instances where the maximum upper ceiling has not been met for the existing taxes/fees, or where a ceiling does not exist, there lies an opportunity for green taxation to be bundled in with any of these existing taxes and fees, to increase that tax/fee to the maximum ceiling. The additional money raised can be ring-fenced to create a green mechanism-fund that promotes energy projects and actions within the municipality.

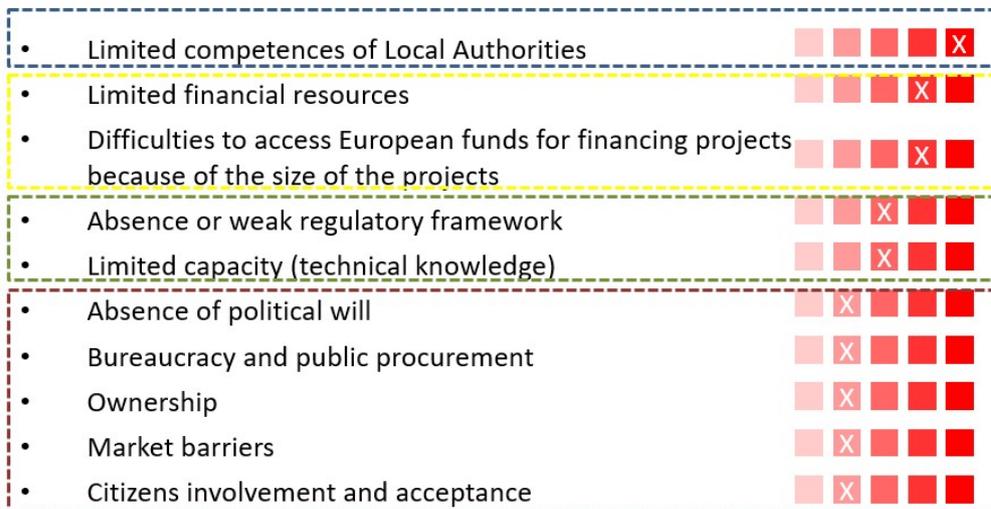
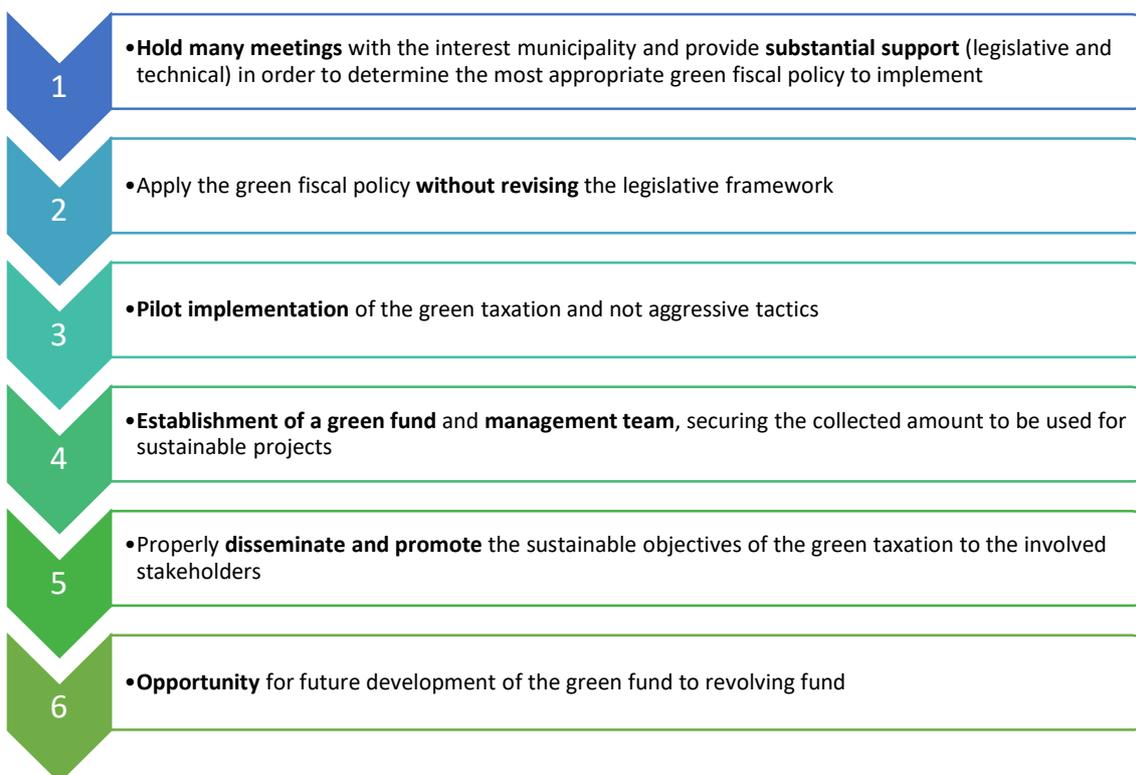


Figure 12: Main Barriers of Local Authorities to Implementing Sustainable Projects vs 2030 EU Targets

LOCAL4GREEN can help support the pilot Local Authorities in meeting these targets. The role and the involvement of local authorities for a sustainable future and for achieving the EU 2030 climate and energy targets is indispensable.

The capacity of the local authorities to intervene in tax, tariffs/fees and other fiscal revenues can be considered sufficient if they follow the Municipalities and Communities Law and the taxes and fees defined in the Law. For the purposes of implementing the LOCAL4GREEN project and the adoption of green fiscal policies in the local authorities in Cyprus, the following actions were identified for a successful application of the local green fiscal policy



4.4. Greece

The Local Authorities of Greece are responsible for local policies. Local authorities are governed by administrative and financial autonomy, and the State is responsible for ensuring this autonomy.

The implementation of fiscal policies directly by the Local Authorities has always been a major issue negatively affecting the outcomes of any fiscal policy designed through the bottom-up approach.

LOCAL4GREEN project was designed to fill this gap and support local authorities to define and implement local fiscal policies promoting renewable energy sources in all sectors (public, private, households), mainly through the framework of the Sustainable Energy Action Plans (SEAPs adopted by the signatories of the Covenant of Mayors Initiative).

Local Authorities of Greece are responsible for local policies (management of local cases) according to Article 102 of the Greek Constitution. Local Authorities are governed by administrative and economic autonomy, while the state is responsible for ensuring, through legislative and financial measures, this autonomy, so as Local Authorities can fulfil their purpose and implement their competencies (Greek Constitution, 2008).

In this context, the economic viability of Local Authorities in order to meet their role is secured through revenues, which are mainly gained from fees, taxes, leases, services' provision as well as the necessary state aid. Subsequently a brief description of the main income sources including fees, taxes and revenues, which are potential sources of interventions for the promotion of RES is provided.

In some municipalities as seen above, ANATOLIKI presented the aforementioned analysis to the Mayors and the Municipal Councils, along with the financial analysis of the Municipality's Budget. Since local elections took place on the 26th of May and there was a change regarding the Mayors and the Municipal Councils, the following three pilot policies were not able to be implemented at this point. The new Mayors will further examine the analysis of the policies presented and take action:

- Reduction of Fee for Municipal Real Estate Leasing when using RES
- Reduction of the Fee from the Exploitation of Constructions & the Provision of Services (parking fees) when using RES
- Reduction of Parking Fees for Electric and Hybrid Vehicles

Keeping in mind the low level of freedom the Greek Legislative System provides to Municipalities in order to apply their own local policies, these three policies constitute a significant leap forward and a best practice example for other Local Authorities in the near future.

Besides, all three policies require no implementation cost at all on behalf of the Municipalities, a fact that will definitely attract more Local Authorities into applying the same policies within their territory. For this to happen however, certain recommendations should be fulfilled:

- Try and secure the support of the highest number of stakeholders possible;
- Establish successful scheme for continuous collection of requested energy indicators of each subsector as well as for each policy
- Inform and involve citizens and SMEs of Municipality of Amariou about the whole process of local fiscal policies development, implementation and monitoring in order to spread the word and be a best practice example for other Local Authorities.

4.5. Italy

As it's clear, Local Authorities have not the necessary autonomy in order to effectively produce an impact using local fiscal policies.

The main voice of income from Tax System it has been represented by the ripartition done by the State where the independency level of the Local Authorities it's limited.

Moreover, it's necessary to highlight that the amount transferred by the State to Local Authorities has been strongly reduced in the last decade without cutting the management of the relative services in charge to Municipalities.

The main challenge implementing LOCAL4GREEN project has been related to these issues.

4.6. Malta

The current state of affairs in the local-self-government legislation in Malta needs:

- further functions, responsibilities and rights to be endowed to LCs in order to regulate the public affairs in their localities;
- adequate financial resources to LCs to execute their services effectively and efficiently;
- the possibility for LCs to freely use the grants allocated, in order to satisfy their own priorities and goals, both short-term and long-term;
- ratification of Article 9(3) of the European Charter of Self-local government by the government, ensuring LCs the power and right to impose and collect local taxes and charges, allowing them to raise revenues and increase their income-generating capacity;
- abolition of the approval of the central government that is now needed by LCs to obtain loans or have access to the national capital market;
- the possibility for LCs to self-determine the number of its employees, based on its needs and resources;
- the restriction to the power of the central government to approve, appoint, remove or transfer Executive Secretaries from one Local Council to another;
- the increasing of the allowances payable to Mayors and Councillors and the provision of adequate compensation in respect of the expenses incurred in the execution of their work;
- assignment of a special status to the City of Valletta, due to its importance and responsibility in the country, both as Capital and as city;
- the introduction of measures to encourage women's access to local political office with the objective to ensure a more gender-balanced representation.

At the moment, the introduction of incentives to promote the update of RES on a local level can be implemented through the drafting of a new bye-law (or the modifying of an existing one). The drafting and approval of bye-laws can be a difficult process depending on the particular proposal and the expected impact on the locality.

A bye-law is usually drafted by a legal expert engaged by the local council and this would then need to be reviewed and approved by the council members. Following this the bye-law has to be sent to the central government for its approval which can be quite a lengthy process.

Given the challenges expected to introduce new bye-laws that can promote the use of RES in the locality, the local council may explore other ideas to promote RES and reward citizens for their contributions in GHG emissions reduction.

Incentives aimed to promote RES may include:

- Implementation of a specific project which addresses a particular needs or aspect of the locality such as sustainable tourism, green mobility and intermodal transport, waste management and reduction (e.g. reduction of single-use plastic packaging), etc.;
- Participation in EU funded projects which focus on the promotion of RES within the community and launching of activities for the community members that incentivise the up-take of RES. Local Councils should get ready for the next EU funds programming period 2021-2027, and prepare also to involve national-level authorities, to pave the way for the capitalisation and mainstreaming of projects results;
- Elaboration of reward schemes in connection with the local commercial sector such as transport, retail outlets etc. that may provide “vouchers” for community members as a reward for using RES. This can be done, for example, by customising Apps already used in many cities for rewarding sustainable mobility behaviours.

The identification of synergies between different projects and initiatives may allow local councils to benefit from different programmes and schemes as well as tap into funding related to renewable energy and energy efficiency measures. The implementation of specific projects allows the council to access the additional expertise required for the design of green fiscal policies as well as to obtain financial resources for the launch and maintenance of such schemes and ensure long term economic and environmental sustainability.

4.7. Portugal

The Portuguese tax system, in the normative domain, is based on a set of state and local taxes, direct and indirect. The most usual classification of this set is that which takes into account the economic nature of the basis on which taxes is levied. In this respect, taxes on income, taxes on wealth and taxes on expenditure are distinguished. Social security contributions are usually added to them.

Legislative or normative barriers

The General Regime of Local Authorities (RGTA) was approved by Law no. 53-E / 2006, of December 29, and amended (second amendment) by Law no. 53-E / 2006, of December 29. Law No. 73/2013, of September 3, establishes the Financial Regime of Local Authorities and Intermediary Entities (RFALEI).

RFALEI attributes to municipalities the power to grant tax exemptions and benefits. The municipal assembly may, through formal proposal of the city council, grant total or partial exemptions from taxes and other taxes of its own through a reasoned resolution that includes an estimate of the respective tax expense. It should be noted, however, that these tax benefits cannot be granted for more than five years, although it is possible to renew them once for an equal period of time.

Considering the high investment associated with the implementation of renewable energy sources and the relatively high return periods of investment, a longer period of granting of tax benefits would be more attractive in order to promote the implementation of a wider renewable energy source. Although renewal of these benefits is possible, this renewal may occur only once for an equal period of time and, due to changes in municipal or other political priorities, this renewal may not occur.

In addition, under the principle of tax legality, the total or partial exemptions provided for in this article may only be granted by municipalities only when there is a law that defines the terms and conditions for their attribution.

According to the RGTAL, local authorities' fees are necessarily linked to the concrete provision of a local public service, the private use of public and private property of local authorities or the removal of a legal obstacle to the behaviour of individuals. The taxes of local authorities are created by regulation approved by the respective deliberative body, and the regulations must contain the following indications:

- The indication of the objective and subjective incidence base;
- Value or the formula for calculating the value of the fees to be charged;
- The economic and financial grounds relating to the value of the fees, namely direct and indirect costs, financial charges, amortizations and future investments made or to be carried out by the local authority;
- The exemptions and their rationale;
- Method of payment and other forms of termination of the tax concession allowed;
- The admissibility of payment in instalments.

The annual budgets of the local authorities can update the value of the previously established rates, according to the inflation rate. However, the change in the values of the rates according to another criterion different from the rate of inflation is affected by means of an amendment to the respective creation regulation and must contain the economic and financial rationale underlying the new value.

In addition, the executive body must submit to the deliberative body the proposed municipal budget for the following fiscal year until October 31 of each year.

The possibility of updating the rates every six months, or medium information in a timely manner, will increase the speed of implementation of the proposed initiatives, namely the design of tax benefits aimed at promoting the implementation of renewable energy sources.

4.8. Slovenia

Based on the the latest research on the local fiscal autonomy – Local Autonomy Index (Ladner, Keuffer and Baldersheim, 2015) Slovenia scored very low on Fiscal autonomy. The report ranked countries for local self-reliance, which represents the proportion of local government revenues derived from own or local sources (taxes, fees, charges without transfers and subsidies). It is usually argued that the more important the municipalities' own resources are for financing their budgets, the higher is their degree of autonomy. Slovenia ranks the lowest among the countries in the study, as there is under 10% of own resources, thus local government hardly has any own revenues.

Slovenia scored very low on Fiscal autonomy. In Slovenia municipalities can, according to the Constitution Article 146 and 147 independently tax its population, however they cannot impose taxes that are under authority of other governmental level and they cannot impose tax on the area that already has some sort of taxation. Additionally independent taxation is (according to the Financing of municipalities Act, Article 6) limited to Property tax (Law on Real Estate was not adopted yet, so until then tax on Compensation for the use of building land is in

place), tax on vessels, tax on real estate transactions, inheritance and gift taxes, tax on winnings from conventional games of chance and other taxes stipulated by law. Due to legislative limitations only tax on Compensation for the use of building land is independently set by local authorities.

Although municipalities can undertake tasks that are not under other government authority and/or can implement new tax or non-tax measure that is not already implemented by legislation (not the specific tax, but the area of taxation), this almost never happened. The reason for this is that overregulation resulted in very few (if any) areas that are not already regulated. So in theory municipality could set a completely new tax, but it should argue that on this taxation area there is no similar tax and that this area is so locally specific, that local tax is in order.

Compensation for the use of building land is most commonly cited as a mayor own municipal tax and it is second biggest tax revenue for municipalities. There is an elaborate legal blueprint how it is determined and it mostly takes into consideration type of infrastructure in the area, the purpose of the activities in the buildings, ownership etc. There is an option for local government to exempt buildings that use RES from this taxation. However the efficiency of such activity is linked to the amount of the Compensation would be paid in the first place. So the question of exemption is inevitably linked to existing taxation on the area. Alternatively local government could increase/differentiate the Compensation (and also Communal contribution) significantly, while exempting users of RES.

Municipal fees are in full municipal revenue. Municipality fees may be imposed by an ordinance that specifies the nature and amount of the fee, as well as the persons liable to pay the fee. The amount of fee should not be assessed by the value of the item, actual turnover or actual revenue. The municipality should not require payment of municipality fees for activities where it is prohibited by an Act or if another mode of payment is specified or agreed upon by contract. So, although municipal fees are flexible mechanism to gain and to reallocate revenue local authorities should be careful not to impose fee on the area where similar tax burden is already in place.

Another tax that is contextually linked to RES is Tourist tax. An advantage of this tax is that municipality can to some extent modify it. Disadvantage is that Promotion of Tourism Development Act earmarks this tax (article 20, paragraph 2) so that municipality can finance tourism promoting activities from this revenue (article 21), like informing activities, promotion activities, marketing activities, developing joint touristic infrastructure, development and maintaining of public space intended for tourism etc. Therefore if municipality gains substantial revenue from this tax with some contextual maneuvering there is a high probability that this revenue could be used for RES promotion.

4.9. Spain

National regulations are somewhat restrictive, since they must meet the requirements to guarantee the financial sufficiency of Local Corporations, since, as is known, these local taxes constitute an important source of resources for Local Entities, since the collection from the fees, special contributions and local taxes provide most of the resources available to these entities.

The Constitution attributes to the state legislator the original competence to establish taxes at the same time as it is indicated that any benefit must be authorized by law, extremes that are reiterated by the Law of Local Haciendas.

In the national regulations, especially in the Royal Legislative Decree 2/2004 of 5 March, which approves the consolidated text of the Regulatory Law of Local Haciendas (LRHL), the possibility that local entities establish in its tax ordinances, with obvious regulatory character, tax benefits. All this provided that these benefits have been expressly provided for in the Law, which causes that in the general practice of local taxes, there is a distinction between “mandatory” tax benefits, which must necessarily be recognized by the express will of a law, or in particular of the LRHL, and other tax benefits “of a optional nature” that, being provided for in a rule of legal rank, this only establishes the possibility of its recognition, so that the local Entity, through its corresponding fiscal Ordinance, will decide or not on its effective application in its respective scope.

Despite this possibility of tax benefits established “on a optional basis”, the material content of the local autonomy “for the management of their own interests” recognized by the municipalities and provinces in article 137 CE, justifies for many authors, the need for an extension of the exercise of the local tax power, and especially in relation to tax benefits, proposing a framework law, similar to Organic Law 8/1980, of September 22, on the Financing of the Autonomous Communities (LOFCA), which will limit the taxable matters with respect to which the municipality can exercise its tax power, remitting to it the concretion of the tax configuration elements, including exemptions and bonuses.

In any case, we must insist on the importance of the exercise of the local tax authority, in relation to the establishment of tax benefits through tax ordinances, always with the appropriate legal coverage, especially taking into account that the law, according to the various assumptions, you may admit, within the limits established - and required by the principle of tax legality - that the specific conditions of enjoyment of these benefits are regulated in the ordinances themselves.

Given the application of the principle of legal reserve in terms of tax benefits, as well as the need to guarantee the obtaining of the necessary resources in order to the effectiveness of the constitutional principles of autonomy and financial sufficiency, Article 9.2 LRHL will establish that “the laws establishing tax benefits in the area of local taxes will determine the appropriate compensation formulas; these formulas will take into account the possibilities of future growth of the resources of the local Entities from the taxes in respect of which the aforementioned tax benefits are established”.

Therefore, the measures to be applied by the City Councils against climate change are considerably reduced, which contradicts the commitment they have made to curb the increase in temperature, adapting both their own activities and generating environmental culture in their citizens, in their fields of competence.

5. Selection of best practices at the local level

5.1. Introduction

This section collects the best practices developed in the European countries that have been part of the LOCAL4GREEN project.

A good definition of Best Practices would be to describe them as actions or initiatives with tangible and measurable repercussions in terms of improving the quality of life of the inhabitants and the environment in a sustainable way and which can serve as models for other countries or regions to learn about them and adapt them to their own situation. The international community has considered that in order for an urban action or policy to merit the qualification of Best Practice, it must meet at least the following requirements:

- Have a demonstrable and tangible impact on improving people's living conditions.
- To be the result of the joint work between the different sectors that act and live in the city: the administration, the citizens through their associations and the private sector in general.
- Be socially, culturally, economically and environmentally sustainable and durable.
- Contribute to the strengthening of the community and its organizational capacity.
- Pay special attention to solving problems of social exclusion whether gender, cultural, ethnic or economic.

Similarly, it is important to clarify that the figures used both in the tables and in the graphs are estimations that have been reflected in the National Manuals.

In this International Manual, the Best Practices have been considered those that have had a greater degree of success in terms of reducing CO₂ emissions and are valued that can be exported and applied to other municipalities, contexts and countries.

In order to facilitate the analysis and review of best practices, this section has been structured by country - presented in alphabetical order - and within each country by approved local fiscal policies and by municipalities.

The following criteria have been taken into account for the selection of best practices:

- That these are ordinances approved in the municipalities indicated;
- That within the approved ordinances, they are the best practices in terms of reducing CO₂ emissions and the possibility that they can be transferred to other municipalities, countries and contexts.

5.2. Country analysis

In the present analysis, the municipalities of each country in which ordinances have been approved within the framework of the LOCAL4GREEN are listed, and likewise, the approved fiscal policies are considered best practices due to their reduction of CO₂ emissions and their greater impact in terms of environmental sustainability.

5.2.1. Albania

a) Electricity taxes/fees:

In Albania there are three municipalities that have adopted ordinances linked to this tax.

In the **municipality of Vau i Dejës**, they have proposed some specific measures to encourage residents and businesses to use photovoltaic installations to produce electricity. The

Municipality of Lezha has introduced some specific measures to encourage inhabitants and businesses to use photovoltaic installations for electricity production as well as using hybrid and electrical cars. And the **Municipality of Kukës** has proposed some specific measures to encourage residents and businesses to use photovoltaic installations for electricity generation.

All these specific measures are included in the section 3.1.2. *Description of the Proposed Fiscal Policies by Municipalities*.

Why it's considered best practice

Therefore, a comparison has been made of these three different municipalities in Albania that have approved ordinances within the framework of the project LOCAL4GREEN. And by way of conclusion - analyzing the table below - it is considered that the municipality of Albania with best practices has been Lezha for its expectations of reducing CO₂ emissions by 15,056 kg.

Comparative table of Albanian municipalities

ALBANIA				
Lezhë Municipality				
Tax on Buildings		Family category	1,672,875 kWh	kWh that become renewable
Public Services Fees			15,056 kg CO2 eq	kg CO2 eq that is not emitted annually
Parking fee		Business category	743,5 kWh	kWh that become renewable
			6,692 kg CO2 eq	Kg Co2 that are not emitted annually
		Vehicles	107 t/km CO2 / year	g / km CO2 emissions from electric vehicles
Vau i Dejës Municipality				
Tax on Buildings		Family category	855,6 kWh	kWh that become renewable
Public Services Fees			7,7 kg CO2 eq	kg CO2 eq that is not emitted annually
		Business category	162,564 kWh	kWh that become renewable
			1,463 kg CO2 eq	Kg Co2 that are not emitted annually
Kukës Municipality				
Tariff of Public Services		Family category	630,8 kWh	kWh that become renewable
			5,677 kg CO2 eq	kg CO2 eq that is not emitted annually
		Business category	239,04 kWh	kWh that become renewable
			2,151 kg CO2 eq	Kg Co2 that are not emitted annually

5.2.2. Croatia

Results of the pilot experiences in Croacia

As one of the activities of LOCAL Policies for GREEN Energy – LOCAL4GREEN project for the five selected pilots in Republic of Croatia they have developed preliminary studies that were prepared according to Participatory method-based preparation of local fiscal policies to promote renewable energy sources at a municipal level.

The results of conducted analyses have shown that the legal framework in Republic of Croatia does not allow much variety of local fiscal measures. There are only two realistic policies to promote renewable energy sources at the local level in Republic of Croatia:

- Adopting a decision on a reduction of the Public utility fee by the Municipal Council for new buildings using renewable energy sources (Nearly Zero Energy Buildings (nZEB), households/residential sector) and
- Adopting a decision on a reduction of the Public utility fee by the Municipal Council for new buildings using renewable energy sources (Nearly Zero Energy Buildings (nZEB), commercial sector).

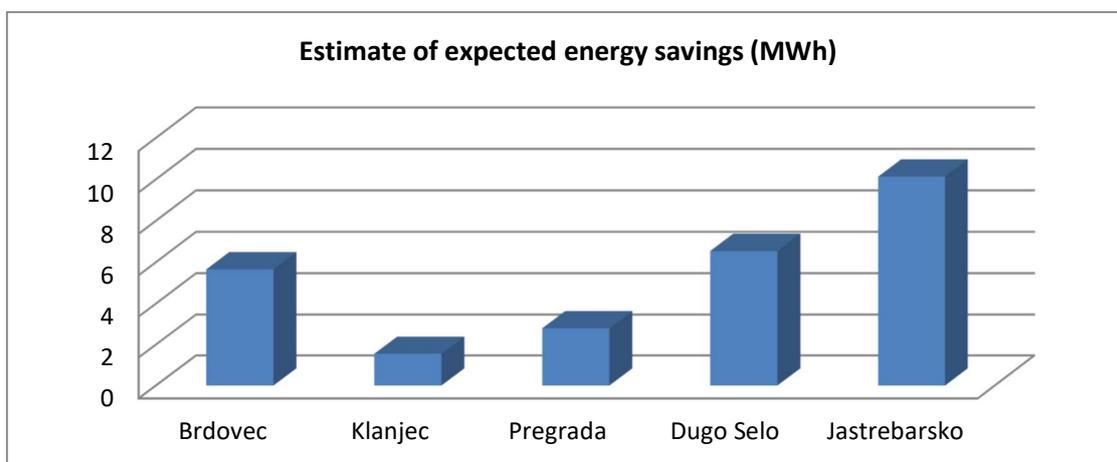
a) Buildings of nearly zero energy (nZEB) for continental Croatia

In Croatia, official nZEB standard was introduced in 2014th as part of Technical regulation on rational use of energy and thermal protection in buildings. Even before the 2014, there has been many educational and promotional activities- from European projects where Croatia had a representative to local and regional events. Croatia is one of the 11 member states of the European Union that has fulfilled its obligation to define a nZEB building standard, and it is the only one that works this thematic of the countries that are participating in this LOCAL4GREEN project¹⁸.

Detailed information on the specific measures adopted in Croatia is contained in the section entitled *3.2.2 Description of Fiscal Policies of Pilot Municipalities*.

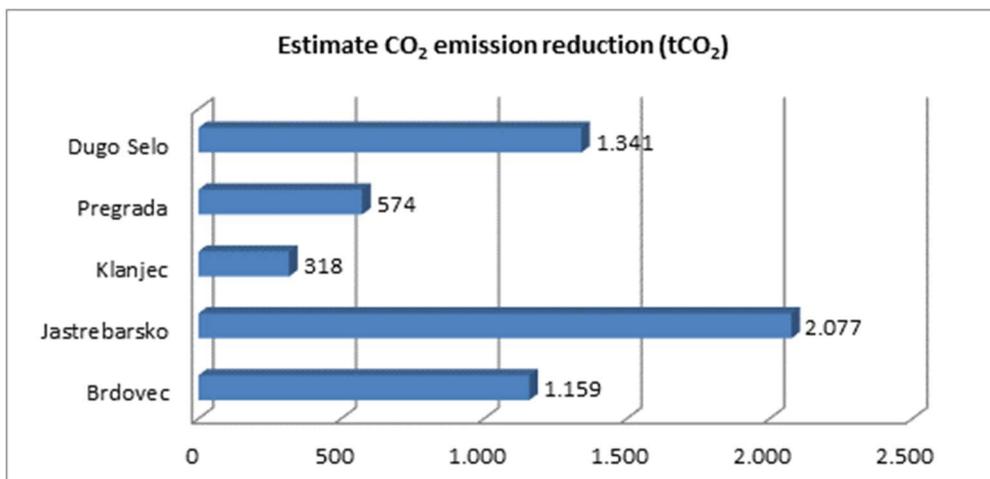
By focusing on the study of best practices, we have analysed existing estimates linked to: on the one hand, energy savings, and on the other hand, the reduction of CO₂ emissions.

As shown in the table below, the City of Jastrebarsko has the highest estimate of energy savings, with a forecast of 10.13 MWh, followed by the City of Dugo Selo with 6.54MWh, and in the third place is the Municipality of Brdovec with a figure of 5.65MWh. It should also be noted that the cities with the lowest energy saving forecasts are Pregrada with 2.8MWh and Klanjec with 1.55MWh.



In the same way, as shown in the table below, in terms of reduction of CO₂ emissions Jastrebarsko is the city of the pilot municipalities in Croatia, for which the greatest reduction is estimated with 2.077 tCO₂ followed by the city of Dugo Selo with an estimated CO₂ reduction of 1.341 tCO₂. Next, with lower CO₂ reduction estimates are the City of Brdovec with 1.159 tCO₂, the City of Pregrada with 574 tCO₂, and in the last place the Municipality of Klanjec with 318 tCO₂.

¹⁸http://publications.jrc.ec.europa.eu/repository/bitstream/JRC104344/development%20of%20the%20nzeb%20concept%20in%20member%20states_final.pdf



Why it's considered best practice

As all other member states with nZEB definition in place, Croatia is obliged to ensure that by 31 December 2020 all new buildings are nZEBs, and all new buildings in which they are resident and owned by public authorities have these properties after 31 December 2018. The plan for increasing the number of nZEBs by 2020 gives a brief overview of current state in building stock- year of construction, energy consumption, etc.

Within the framework of the LOCAL4GREEN project, the experience of Croatian municipalities stands out as one of the best practices due to their commitment to reducing of the public service tariff by the Municipal Council for new buildings that use renewable energy sources, with the implementation of the Near Zero Energy Buildings (NZEBS) that must comply with the requirements set out in the upper table.

5.2.3. Cyprus

a) The waste management fees per household

Lakatamia's Municipal Council approved the fiscal policy which refers to the waste management fees per household, by ring fencing part of the money coming in from the recent increase in the waste management fees per household to promote RES in the Municipality. Based on the current waste management fees and the increases applied to the rates in 2018:

- Total income of 2018 from waste management fees per household for the Lakatamia Municipality: 1,948,784.00 EUR
- Gains for the Municipality with the 2.5% * 1,948,784.00 = ~49.000 EUR

According to the design of this fiscal policy, the €49,000.00 amount from the increased waste management fees, will from 2018 onwards be ringfenced in a green mechanism-fund and used to upgrade the green point for the Municipality and to include a RES – REUSE interactive educational corner. The amount that will dedicated for the educational corner is 10.000 EUR.

The proposed green mechanism-fund will be populated by the green taxation, as well as the overall municipal budget, and will be revolving. The money ringfenced will be used to fund the development of the educational corner. When the Municipality gained the experience can utilize at maximum the idea of the revolving fund.

Impact of local fiscal policy for Lakatamia Municipality

Assuming that 1,650 students from school visit the green point with the RES educational corner, then over an implementation period of 10 years, assuming an awareness rate impact of 10%, a diffuse influence of 3, and 200 kWh of RES being produced per person per year as a result of the information they will learn about at the education corner, then it can be estimated that **99 MWh of RES** will be produced per year.

Overall, after the ten years of activation, is estimated that **990 MWh** of RES will be produced due to the impact of the educational corner.

Why it's considered best practice

Based on the estimates in the Cyprus National Manual, in the case of Lakatamia Municipality, the amount of MWh that would become RES in one year is 99 MWh which in terms of promotion of renewable energy is very positive and in the long term would have a great environmental impact. The green point will be used by the general public for waste management as well as a recreation space that will help increase awareness on RES and energy efficiency and will become a destination for school trips and other activities.

b) The hotel accommodation tax

Nicosia's Municipal Council and Mayor officially approved on 10 January 2019 the fiscal policy outlined with this option and the increase of 5% in the hotel accommodation tax per room per night, for the years 2019-2021:

According to the design of this fiscal policy, the €21.000 for the first 3 years that will be raised through the increased taxation, beginning in 2019, will be ringfence in a green mechanism-fund and used to provide free energy audits to hotels in Nicosia region, as well as the funding of two awareness events to promote energy efficiency and RES in the hotel sector.

The green fiscal policies are one important tool towards local sustainability and the first step for the development of a revolving fund. The fund will be populated by the green taxation, as well as the overall municipal budget and European funding, and will be revolving.

Why it's considered best practice:

As noted above, the money raised through the fiscal policy that has been approved by Nicosia's Municipal Council will be ringfenced and used by the Municipality to provide free energy audits to hotels. Specifically, the energy audits will review the current energy consumption of these hotels (from heating, cooling and electricity use) and will identify opportunities for reductions. The final deliverable of these energy audits will be an action plan that will identify to the hotels the opportunities for improving their energy efficiency and for reducing costs, as well as highlight the potential for investing in renewable energy sources as a means to become more energy and cost efficient.

Given the time and resources required to undertake energy audits, it is proposed that around two energy audits take place every year with the money raised. It is expected that within 9 years, all 15 hotels in Nicosia will have had a free energy audit using the money raised. In the case that an increase of the green tax will be occurred in the next years, the free energy audits can be completed in a realistic period of 6 years. This green action can be included in the SEAP-SECAP of the municipality and under the effort of achieving the 2030 targets.

Impact of local fiscal policy for Nicosia Municipality

In 2018, the electricity consumption across all 15 hotels in Nicosia was 6,517 MWh (estimated). If all 15 hotels were to be provided with free energy audits that would take about 9 years at a total cost of €63,000.00. In the case that an increase of the green tax will be occurred in the next years, the free energy audits can be completed in a realistic period of 6 years. Assuming that some of the hotels take on board some of the actions to be provided by the energy audits on RES, then within the implementation period:

- 15% energy savings from hotels that will implement low cost measures (investments) according to the energy audit advises, saving a total of 978 MWh (estimated).
- 30% energy savings from hotels that will implement high cost investments according to the energy audit advises, saving a total of 1,955 MWh (estimated).

c) The professional tax for legal entities working in a profession:

Aradippou Municipality has informally approved the fiscal policy, this policy has not yet been approved by the Municipal Council. However, it is assumed that approval by the Municipal Council is only a technicality at this point, and the fiscal policy, which will ringfence 10% of the total income generated for 2017 (or upcoming years) from the increase in the professional tax, exclusive for the green mechanism fund, will be approved in 2019.

- Total income for 2017 from the professional tax for legal entities for the Aradippou Municipality: 257,000.00 EUR
- Potential Gains for the Municipality if a 10% of this amount is for the green mechanism fund: $257,000.00 * 10\% = 25,700.00$ EUR

According to the design of this fiscal policy, the ~€26,000.00 amount that will be raised, beginning in 2018, will be ringfenced in a green mechanism-fund and be used, in part, to provide an incentive to organisations to reduce their energy consumption and improve their energy rating in their annual energy certificate. These incentives will be in the form of reductions in the annual professional tax (up to a maximum of 15% reduction). The Municipality could use the remainder part of the money raised to provide consulting services to organisations, free of charge, on how to reduce their energy consumption, including suggestions for investing in renewable energy sources. For the Municipality to award the tax reduction, it will require that the organisation has implemented ISO 50001 (the international standard on Energy Management System or EMS) and has certified the energy management system year on year, as proof that it is investing in managing and reducing its energy consumption.

Why it's considered best practice:

As noted above, the money that will be ringfenced from the 2017 (or from the upcoming years) increase in the professional tax for organisations and will be used, in part, by the Municipality to provide an incentive to organisations to reduce their energy consumption and improve their rating in their annual energy certificate in the form of reductions in the annual professional tax (up to a maximum of 15% reduction). The remainder of the money will be used to provide free consulting services to organisations on how to reduce their energy consumption.

For the Municipality to award the tax reduction, it will require that the organisation has implemented ISO 50001 (the international standard on Energy Management System or EMS) and has certified the energy management system year on year, as proof that it is investing in managing and reducing its energy consumption. ISO 50001 is a proven framework that can

help organisations monitor, manage and reduce their energy consumption, and thereby costs, as well as improving their energy efficiency.

As well as benefiting from the reduction in energy use and in energy costs through the implementation of an EMS such as ISO 50001, organisations will also be able to use their certificate for ISO 50001 to indicate the reductions and efficiencies in energy they have achieved, and thereby benefit from a reduction in their annual professional tax of up to a maximum of 15%.

Impact of local fiscal policy for Aradippou Municipality

It is assumed that the green taxation will apply up to 632 organisations. Currently, the 632 organisations across the Municipality consume about 32,645 MWh of electricity consumption. If 10% of the total amount of electricity consumption currently is produced via RES over a 10 year (or less) period, due to the financial incentives, free consulting services provided by the Municipality and implementation of ISO 50001, then that could potentially generate 3,264 MWh of renewable energy sources (estimated).

- 10% of all electricity consumption produced by the 632 organisations is produced via RES (e.g. solar, PV panels), saving a total of 3,264 MWh (estimated).
- If 10% of the total amount of electricity consumption of the 632 organisations is produced via RES, this could lead to a: total reduction of 2,853 tones CO_{2eq} (estimated); and a reduction of 66 tones CO_{2eq} per €1.00 spent (estimated).

Why Cypriot cases considered best practice:

These fiscal policies are considered best practice because, in each case by:

- 1) It is ideally placed to promote RES and energy efficiency projects in the Municipality;
- 2) It does not affect any other policies of the Municipality in a negative manner;
- 3) It clearly articulates its proposed goals which are to increase awareness on RES and promote RES in the Municipality and the underlying logic for why it was introduced to bring about the intended change:
 - to help the Municipality raise awareness on RES and promote their use;
 - to help hotels become more energy efficient;
 - to help organisations become more energy efficient;
- 4) Its context and content are clear:
 - the money ringfenced from the 2018 increase in taxation to the waste management fees per household will be placed in a green mechanism-fund and used to create the green point with the RES-REUSE educational corner;
 - the money raised through the increase in taxation to the hotel accommodation tax will be ringfenced in a green mechanism-fund and used to provide free energy audits to the hotels, thereby enabling them to become more energy efficient and to introduce RES to meet their energy needs;
 - part of the money raised through the 2017 increase in taxation to the professional tax for organisations will be ringfenced in a green mechanism-fund and used to provide financial incentives to organisations to reduce their energy consumption and improve their energy rating in their energy certificate, thereby enabling them to become more energy efficient and to introduce RES to meet their energy needs;
- 5) It is fully compliant with the legal and economic framework in Cyprus;
- 6) It is fit for purpose:
 - it will be raising awareness on RES. The Municipality is designing the green point to be an educational corner, whose purpose will be to raise awareness on RES and energy

efficiency. So the general public and schools based in the Municipality will be able to engage with and benefit from the information provided on RES.

- it will be raising awareness on RES. The Municipality has applied the fiscal policy to all hotels in its region, so all 15 hotels in Nicosia Municipality will be able to engage with and benefit from the free energy audits. It is expected that given the audit will be provided for free, that all hotels will opt to undertake it and use it as an example to monitor and manage their energy consumption, become more energy efficient and explore opportunities to invest in RES as a means to reduce their energy costs and impacts; and
- it will be raising awareness on RES in the Municipality.

7) It is financially beneficial for the Municipality.

- Even though the proposed fiscal policy will theoretically decrease the income available to the Municipality for other endeavors, as money will be ring fenced from the 2018 increase to the waste management fees per household specifically to promote RES in the Municipality, the money that will be ring fenced will be committed to potentially reduce the Municipality's impacts in terms of CO_{2eq} and to potentially provide the Municipality with cost savings per €1.00 of investment.
- The fiscal policy will increase the income to be received by the Municipality, as the hotel accommodation tax rates will be increased by 5 % across all types of hotels to the ceiling rates. This will have a positive impact on the Municipality's accounts, increasing their total budget by €21,000.00 in the next 3 years (2019, 2020, 2021).
- Even though the proposed fiscal policy will decrease the income available, as money will be ring fenced from the 2017 increase to the professional tax for organisations specifically to promote RES in the Municipality, the money that will be ring fenced will be committed to potentially reduce the Municipality's impacts in terms of CO_{2eq} and to potentially provide the Municipality with cost savings per €1.00 of investment.

5.2.4. Greece

In Greece, a total of 14 pilot municipalities have participated, although only three have approved municipal ordinances in the framework of the LOCAL4GREEN project.

a) Reduction of Fee for Municipal Real Estate Leasing when using Renewable Energy Sources (RES)

The detailed information on the fiscal policies approved in these municipalities can be found in the section 3.4.2. *Description of Fiscal Policies of Pilot Municipalities*. Due to that, only municipalities are mentioned here.

Municipality of Edessa

This Municipality has proceeded with the adaptation of this local fiscal policie by including it in its SEAP actions. In Edessa there are 12 Municipal buildings that will be leased in 2019, for which the investors have agreed to install PV systems of installed capacity of 10 kW per buidling.

Municipality of Pilea-Hortiatis

This Municipality has proceeded with the adaptation of this local fiscal policy by including it in its SEAP actions. In Pilea-Hortiatis there are 8 Municipal buildings that will be leased in 2019, for which the investors have agreed to install PV systems of installed capacity of 10 kW per buidling.

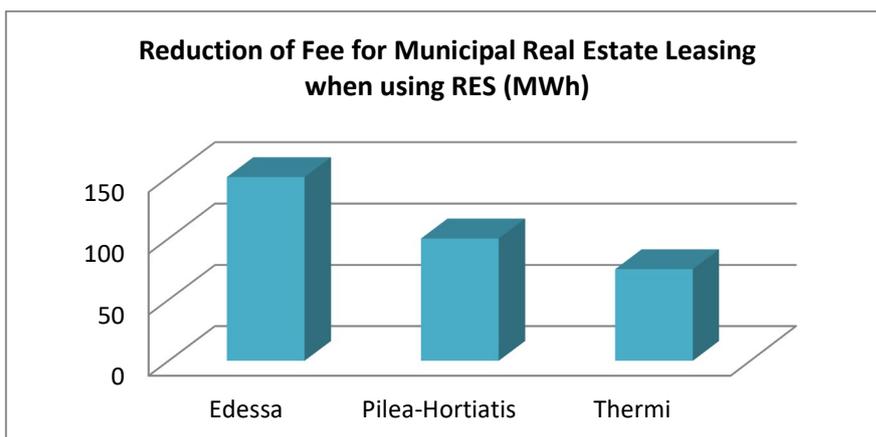
Municipality of Thermi

This Municipality has proceeded with the adaptation of this local fiscal policy by including it in its SEAP actions. In Thermi there are 6 Municipal buildings that will be leased in 2019, for which the investors have agreed to install PV systems of installed capacity of 10 kW per building.

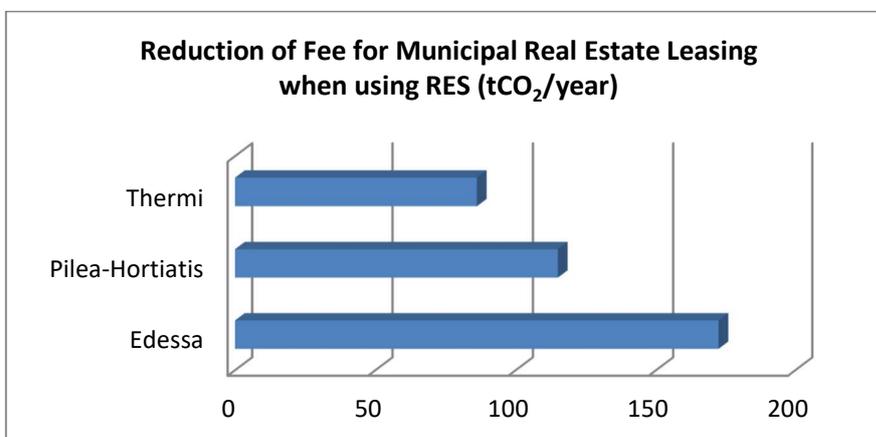
Comparison of best practices

These three municipalities as signatories of the Covenant of Mayors and partners of the LOCAL4GREEN project have proceeded to adapt their pilot local fiscal policies, inserting them in their SEAP Actions. Taking into account the low level of freedom that the Greek legislative system offers to the municipalities to implement their own local policies, these policies constitute an important leap forward and an example best practices for other local authorities in the near future, as well as for other contexts and countries. In addition, these policies do not require any implementation costs for municipalities, which will undoubtedly attract more Local Authorities to apply the same policies in their territory.

On the one hand, the graph below shows the Reduction of Fee for Municipal Real Estate Leasing when using RES (MWh).



On the other hand, the following graphic shows the Reduction of Fee for Municipal Real Estate Leasing when using RES (tCO₂/year).



b) Reduction of the fee from the exploitation of construction and the provision of services (parking fees) when using RES

The detailed information on the fiscal policies approved in these municipalities can be found in the section 3.4.2. *Description of Fiscal Policies of Pilot Municipalities*. Due to that, only municipalities are mentioned here.

Municipality of Edessa

In Edessa, the produced electricity by PVs is 12,5 MWh/year. This electricity production is able to charge 4 cars for a year (assuming that an EV consumes 150 Wh/km) If these EVs replace 4 conventional gasoline cars with a CO₂ emissions of 140 g/km then the saving is 11,2 tn CO₂/year.

Municipality of Pilea-Hortiatis

In Pilea-Hortiatis, the produced electricity by PVs is 12,5 MWh/year. This electricity production is able to charge 4 cars for a year (assuming that an EV consumes 150 Wh/km) and a car in Greece makes 20.000 km/year in average. If these EVs replace 4 conventional gasoline cars with a CO₂ emissions of 140 g/km then the saving is 11,2 tn CO₂/year.

Municipality of Thermi

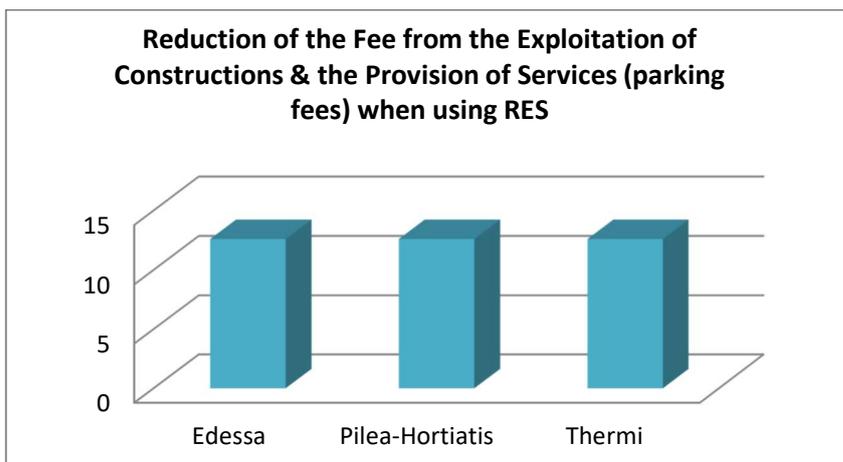
In Thermi, the produced electricity by PVs is 12,5 MWh/year. This electricity production is able to charge 4 cars for a year (assuming that an EV consumes 150 Wh/km) and a car in Greece makes 20.000 km/year in average. If these EVs replace 4 conventional gasoline cars with a CO₂ emissions of 140 g/km then the saving is 11,2 tn CO₂/year.

Comparison of best practices

These three municipalities as signatories of the Covenant of Mayors and partners of the LOCAL4GREEN project have proceeded to adapt their pilot local fiscal policies, inserting them in their SEAP Actions. Taking into account the low level of freedom that the Greek legislative system offers to the municipalities to implement their own local policies, these policies constitute an important leap forward and an example best practices for other local authorities in the near future, as well as for other contexts and countries.

In addition, these policies do not require any implementation costs for municipalities, which will undoubtedly attract more Local Authorities to apply the same policies in their territory.

The graph below shows the Reduction of the fee from the exploitation of construction and the provision of services (parking fees) when using RES.



c) Reduction of Parking fees for electric and hybrid vehicles Edessa, Pilea-Hortiatis and Thermi Municipalities

Regarding this particular policy it is practically impossible to measure and evaluate its outcome. Although the reduction of parking fees for electric and hybrid vehicles can be an important incentive for replacing conventional vehicles with electric or hybrid ones, it is too soon to evaluate the specific policy and the effect it will have on the private individuals in order to replace their vehicles.

Comparison of best practices

These three Municipalities, **Edessa**, **Pilea-Hortiatis** and **Thermi**, as signatory of the Covenant of Mayors as well as Associated Partners of LOCAL4GREEN project have proceeded with the adaptation of these pilot local fiscal policies by inserting them in their SEAP Actions.

Keeping in mind the low level of freedom the Greek Legislative System provides to Municipalities in order to apply their own local policies, these three policies constitute a significant leap forward and a best practice example for other Local Authorities in the near future. Besides, all three policies require no implementation cost at all on behalf of the Municipalities, a fact that will definitely attract more Local Authorities into applying the same policies within their territory. In order for this to happen however, certain recommendations should be fulfilled:

- Try and secure the support of the highest number of stakeholders possible;
- Establish successful scheme for continuous collection of requested energy indicators of each subsector as well as for each policy
- Inform and involve citizens and SMEs of Municipality of Edessa about the whole process of local fiscal policies development, implementation and monitoring in order to spread the word and be a best practice example for other Local Authorities.

5.2.5. Malta

In the last decade, Gozo has been making important steps towards environmental sustainability and energy transition, also within the framework of EcoGozo – a comprehensive Sustainable

Development strategy launched in 2008, with a strong focus on renewable energy. In the energy sector, in particular, it is worth mentioning the positive trend of photovoltaic systems installation in all Gozitan municipalities.

Within the framework of the LOCAL4GREEN, the focus has been put on the identification and financial assessment of the bye-laws already approved and published by the local councils of the Gozo region, in order to play an advocacy role with mayors, internal technical experts and councillors aimed at amending the existing ordinances with new measures that shall boost and reward the use of RES among residents. The objective was not to create new taxes, but rather to redirect public ordinances regulating different local contents towards environmental purposes.

The following fiscal policies are described in detail in section 3.5.2. *Description of Fiscal Policies of Pilot Municipalities.*

a) Reduction of fees for public land occupation during building or demolition works for RES installations owners

This policy is applicable to all the 14 Gozitan municipalities: Qala, Victoria, Fontana, Ghajnsielem, Gharb, Ghasri, Kercem, Munxar, Nadur, San Lawrenz, Sannat, Xaghra, Xewkija and Zebbug.

Two modifications were proposed:

- a 25% reduction of the fee in the case that the applicant already has a RES installation
- a 50% reduction of the fee in the case that an applicant is requesting a permit to allow the installation of a new RES system (mainly PV).

b) Reduction of fees for the rental of electric bikes/vehicles for RES installations owners

As part of the LOCAL4GREEN project, it was proposed that the rental rate for the use of electric bicycles be exempt for residents who have a RES installation. In the case of residents who have RES, a special code will be assigned to the user card which will allow them to use the bicycle free of charge.

c) Fiscal Policy in relation to outdoor activities. Reduction of fees for the organisation of outdoor activities for RES installations owners

As part of the LOCAL4GREEN project, it was proposed to have a percentage reduction or a complete waiver of the fee that is collected for the organisation of events in the above-mentioned location in the case that the applicant has a RES installation (presently the only RES that is commonly installed in Malta and Gozo is PV). The presence of RES installation can be easily verified by presentation of the latest utility bill by the resident/applicant, on which the PV installation would be clearly mentioned. The definition of the exact reduction of the fee is being assessed and discussed with the mayor and members of the Council.

As stated in the Malta National Manual, the regulation is still being amended by the Local Council and no data are available on the number of permits granted annually. A highly esteemed evaluation has been carried out.

d) Fiscal Policy in relation to public parking facilities. Reduction of fees for the organisation of outdoor activities for RES installations owners

As part of the LOCAL4GREEN project, it was proposed to have a percentage reduction or a complete waiver of the fee that is collected for the organisation of events in the above-mentioned location in the case that the applicant has a RES installation (presently the only RES

that is commonly installed in Malta and Gozo is PV). The presence of RES installation can be easily verified by presentation of the latest utility bill by the resident/applicant, on which the PV installation would be clearly mentioned. The definition of the exact reduction of the fee is being assessed and discussed with the mayor and members of the Council.

As stated in the Malta National Manual, the bye-law is still under modification by the Local Council and no data is still available for the number of permits annually given. An esteemed evaluation has been undertaken.

Comparison of best practices

At present, with the results reflected in the Malta Manual, it is not possible to select which have been the best practices due to the fact that in that country no ordinance has yet been approved within the framework of the LOCAL4GREEN. Therefore, there are no data or estimates of the reduction of CO₂ emissions nor do we have calculations on the environmental impact of the measures previously analyzed. Due to this, it is not possible to compare or select best practices.

5.2.7 Portugal

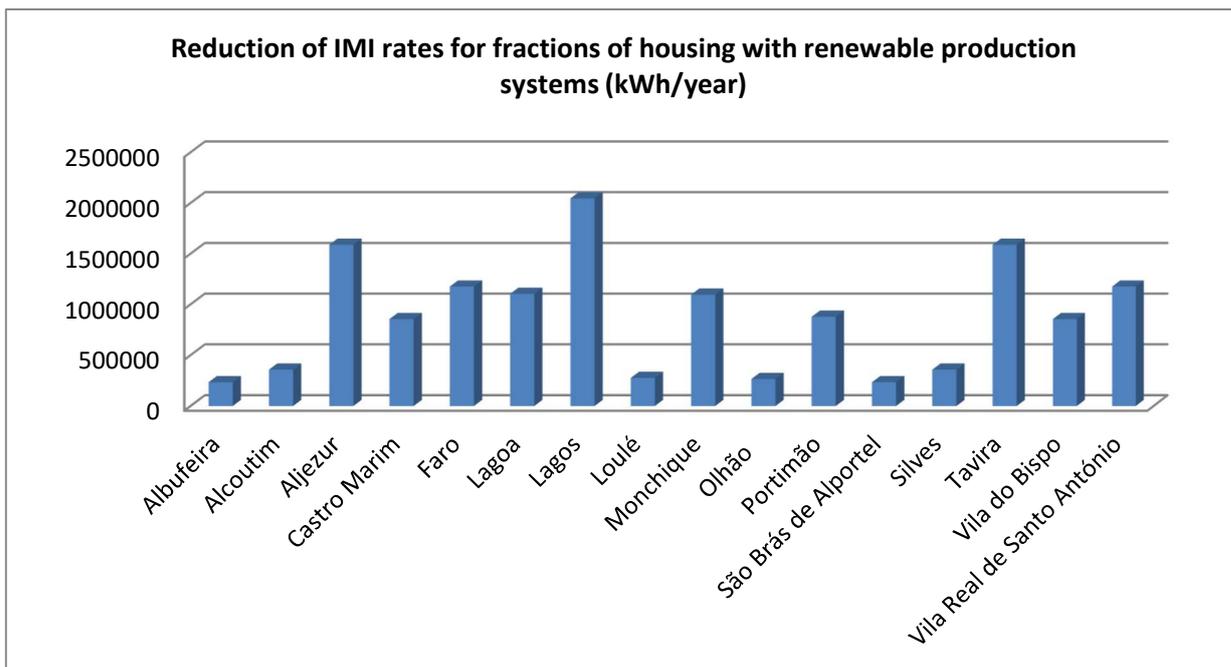
a) Reduction of IMI rates for fractions of housing with renewable production systems

In all these Portuguese municipalities, the proposed measure is a 50% reduction in building licence fees for new buildings in the residential and commercial subsectors and services using renewable energy sources.

Comparison of best practices

Along these lines, the green fiscal policies approved and the collection of specific information carried out in each municipality have made it possible to identify the most significant and relevant strategies, actions and areas of intervention for the development and implementation of fiscal policies. **Fiscal policies that promote renewable energy sources in the Portuguese municipalities, and that can therefore be considered good practices to be shared with other municipalities, countries and contexts.**

In terms of assessment, with the approval of these ordinances, all these municipalities have developed best practices that result in an increase in kWh allocated to renewable energies, as shown in the graphic below. This graphic collect the Estimated impacts of the implementation of the measure "Reduction of IMI rates for fractions of housing with renewable production systems" in the municipalities of the Algarve Region (you can view the table in section 3.6.2. Description of Fiscal Policies of Pilot Municipalities).



b) Reduction on Construction Licensing Fees for new buildings in the residential and commercial and services subsectors using renewable energy sources (Reduction of rates of construction works for new constructions with renewable production systems)

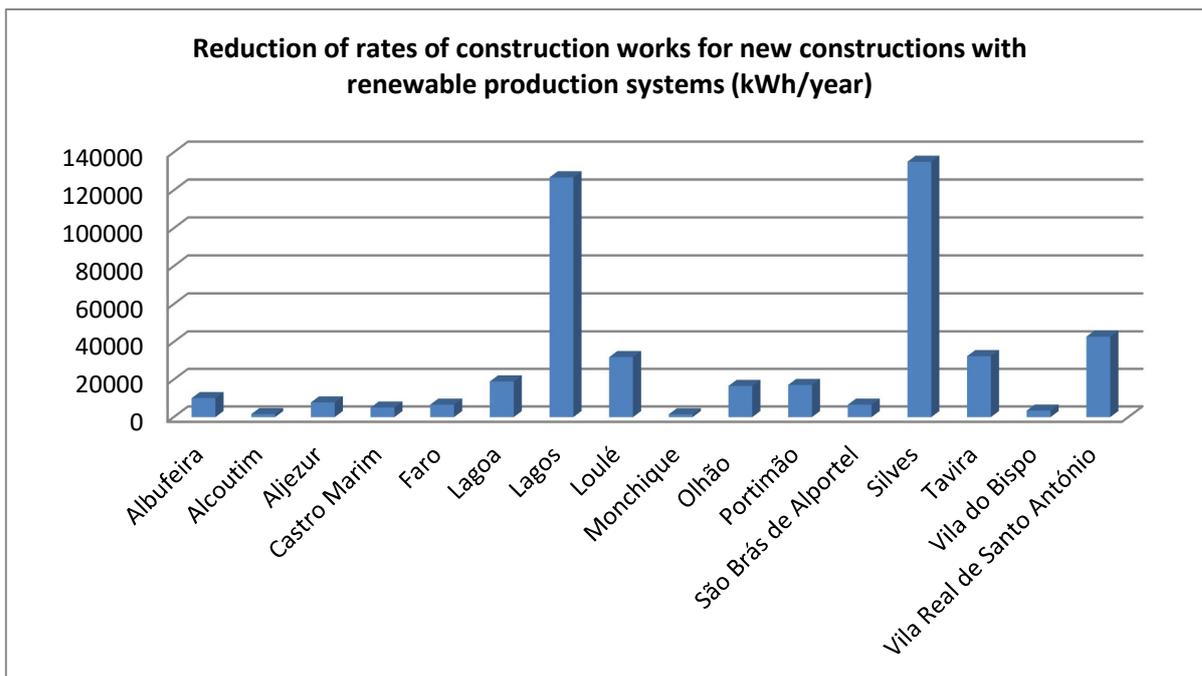
The licensing of building and demolition works is subject to the payment of fees, in accordance with the Municipal Regulation of Fees related to the Urban Activities and Related Operations in force.

In all these municipalities, the proposed measure is Reduction of 50% on Construction Licensing Fees for new buildings in the residential and commercial and services subsectors using renewable energy sources.

Comparison of best practices

These fiscal policies have the objective of promoting renewable energy sources in Portuguese municipalities, so they can be considered best practices to be shared with other municipalities, countries and contexts.

In terms of evaluation, with the approval of these ordinances, all these municipalities have developed best practices that translate into an increase in kWh allocated to renewable energy, as shown in the following graph.



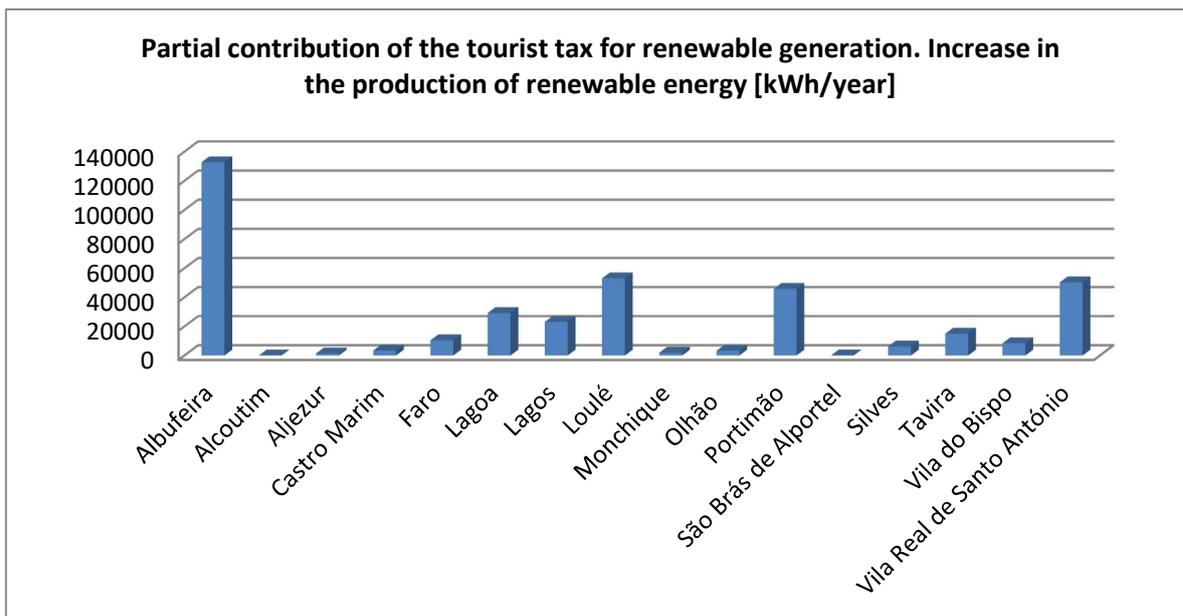
c) Partial contribution of the tourist tax for renewable generation

All the Portuguese municipalities have proposed to apply a fee of 1,50 € (one euro and fifty cents) per night and per guest, aged over 12 years, which is accommodated in tourist and local accommodation establishments, up to the limit of 4 nights per stay, between March and October. Except in the municipality of Vila Real de Santo António, the future tourist tax will have the maximum value of 1,00 € (one euro) per night, being exempt from payment under 10 years old (minors between 11 and 13 years old pay 50%). It will be applied in all types of accommodation, up to a maximum of 7 nights.

Comparison of best practices

These fiscal policies have the objective of promoting renewable energy sources in Portuguese municipalities, **so they can be considered the best practices to be shared with other municipalities, countries and contexts.**

In terms of evaluation, with the approval of these ordinances, all these municipalities have developed best practices that translate into an increase in kWh allocated to renewable energy, as shown in the following graph.



5.2.8 Slovenia

In addressing and selecting best practices in Slovenia, All eight partner municipalities raise significantly different revenue from main sources, that are within municipal jurisdiction to modify. As an umbrella measure for all partner municipalities it should be considered raising/differentiating/segregating the **Compensation for the use of building land where possible**. For example in Kranj, Compensation for the use of building land amounts to 80 €/citizen, and in Križevci only 22 €/citizen. Other sources display similarly different taxation of local community; for example Communal contribution, that amounts to approximately 36 €/citizen in Ivančna Gorica, Grosuplje and Trebnje and only to about 7 to 15 €/citizen in less developed municipalities like Lenart, Križevci and Kočevje.

In the framework of LOCAL4GREEN project, we developed generalised methodology, which is appropriate for all, not only for pilot municipalities, which includes **Coefficient of municipal development (CMD)**. The differences in collecting taxes that are within municipal authority to set, combined to data on how well municipality is developed (according to the Coefficient of municipal development¹⁹) imply that possible fiscal policy measures to enhance revenue for RES promotion should be different according to the municipal development level:

- **Positive tax discrimination** = enhancing use of RES without additional taxation for legal and natural persons in the municipality (for underdeveloped municipalities).
- **Negative tax discrimination** = taxation of those activities in the municipality that are not using RES and allocating them to subsidizing activities that use RES.

¹⁹ The Coefficient of municipal development is national tool to establish which municipalities are underdeveloped. The Coefficient is based on data: gross added value per employed person, Income tax per municipal inhabitant, number of workplaces per number of working population in municipality, index of aging population, registered unemployment rate, working population in municipality, number of inhabitants with access to public sewage system, cultural objects and infrastructure, share of territory under Natura 2000, population density in the municipality.

The argumentation for establishing policy guidelines according to municipal development is that subjects in developed municipalities can withstand higher taxation due to higher income level. In underdeveloped municipalities where unemployment is high and income level is low, additional taxation for promoting RES could backlash in negative public attitude towards RES. Thus RES would become a problem instead a solution, which is not in line with promoting RES in the first place. Additionally, those municipalities where subjects can withhold higher taxes, municipal government should make a strategy how to transparently and fairly reallocate these resources.

a)Methods for allocation of sources for RES promotion. Rise and differentiation of the Compensation for the use of building land

The detailed information on the fiscal policies approved in these municipalities can be found in the section 3.7.2. *Description of Fiscal Policies of Pilot Municipalities*. Due to that, only municipalities are mentioned here.

Municipality of Grosuplje *Coefficient of municipal development CMD=1,27*

Grosuplje municipality on average collected second most revenue among pilot municipalities. Notably two important taxes, municipal tax and communal contribution were well above average, meaning that fiscal policy overall is well balanced. However, relative to total income of the municipality in 2016 both revenues are minor. Regarding high employment in the municipality and relatively high Coefficient of municipal development, increase of both revenues should be reconsidered. Although Grosuplje municipality is more developed than average Slovene municipality, its **Compensation for the use of building land** is set lower than on average in other Slovene municipalities. Thus municipal government could raise and differentiate (RES users pay less, non-RES users pay more) this taxation for 20 €/citizen, which amounts to 380.000 € in one year – and which could be allocated and used for RES promotion.

Municipality of Ivančna Gorica *CMD=1,20*

Ivančna Gorica has no revenue from municipal taxes. Other observed revenues don't significantly deviate from the average, so municipal taxes are most important fiscal instrument to be utilized in the future. Since Ivančna Gorica is more developed than an average Slovene municipality, there is possibility to raise existing and introduce new taxes for natural and legal persons. With modest increase of taxes, municipal government could gain additional revenue from **Compensation for the use of building land** (RES users pay less, non RES users pay more) in the amount 202.000 €/year, 10.000 €/year with more consistent tourist tax collection, at least 15.000 €/year with municipal tax, and additional 67.000 €/year from Communal contributions. In total, 294.000 €/year could be allocated for enhancing RES.

Municipality of Kamnik *CMD=1,20*

Kamnik municipality is within national average with the exception of municipal tax. This should be a mayor resource linked to RES. Municipal tax should apply for legal entities and natural persons, however under different definition. Kamnik has specific industry and commerce structure and should focus more on the taxation of legal entities. **Compensation for the use of building land** could be raised for 2 €/citizen/year for natural persons and even more for legal persons if they don't utilize RES. On the other hand, Kamnik municipality raises significant amount (relatively to other municipalities) in Tourist tax, that could be linked to promotion of RES since resources could be invested in preserving the environment and natural and historical heritage. Additionally, as a tourist destination Kamnik could impose higher municipal tax for parking etc. or municipal tax for permits to drive in the city center as it causes pollution. Thus could be in turn linked to RES promotion.

Municipality of Kočevje *CMD=0,82*

Kočevje municipality is well below national average for all four observed. Kočevje gains the least (out of pilot municipalities) from Communal contribution, however this is the largest (in km²) municipality in Slovenia and providing high quality infrastructure might be difficult. Since Kočevje is economically underdeveloped, with approximately 20% lower income per inhabitant than the national average it would be more suitable to implement **positive tax discrimination - tax credits** for implementing and using RES, rather than introducing higher taxes for businesses and citizens. Nevertheless, the **Compensation for the use of building land** has been differentiated and reallocated: RES users pay less and non RES users pay more. The estimated increase in turnover is 4 €/year/building. This is a best practice, very ambitious and is a good stimulus for citizens towards the implementation of RES.

Municipality of Kranj *CMD=1,20*

Since the development coefficient of Kranj is 22% above the average, in this municipality **the negative tax discrimination approach** can be applied, as this will not significantly affect the social status of the municipality population or local economy. The communal contribution and the Compensation for the use of building land are utilized to satisfying levels, and most room for improvement is within municipal taxes. Compensation for the use of building land is on the high end (80 €/citizen), thus part of this resource could be reallocated to subsidize change from traditional energy sources to RES (50.000 €/ year) and an increase of this tax is foreseen for legal persons who do not use energy efficiently, do not use RES and/or impose an excessive burden on the environment of up to 5%.

Municipality of Križevci *CMD=0,96*

Križevci is an averagely developed Slovene municipality, however it has below average revenues from taxes. Most notably **there is no revenue from Tourist tax** despite municipality strategic orientation towards sustainable tourism. Municipal government should rise and differentiate the **Compensation for the use of building land**: RES users pay less, non-RES users pay more. In total 10% more or 70.000 €/year could be allocated for enhancing RES promotion.

Municipality of Lenart *CMD=1,11*

Lenart performs poor regarding raising revenue from observed mechanisms. It has no tourist taxes (admittedly they are not touristic destinations) and no municipal taxes. Since Lenart is slightly more developed than an average Slovene municipality, there is possibility to raise existing taxes for natural and legal persons. With modest increase and differentiation of taxes, municipal government could raise **Compensation for the use of building land** for 10% (RES users pay less, non-RES users pay more), as well as Municipal tax and Communal contributions for the same percentage. In this way total of 80.000 €/year could be allocated for enhancing RES promotion.

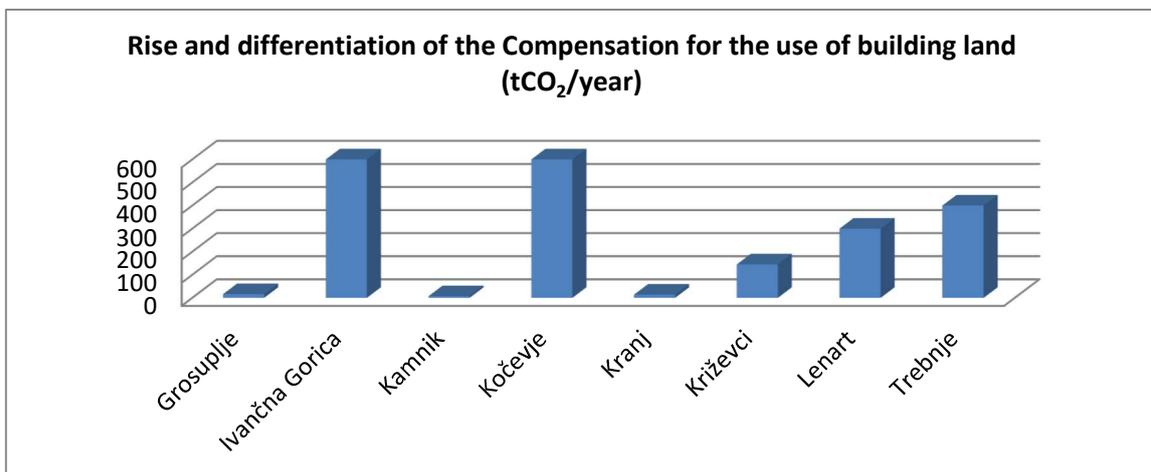
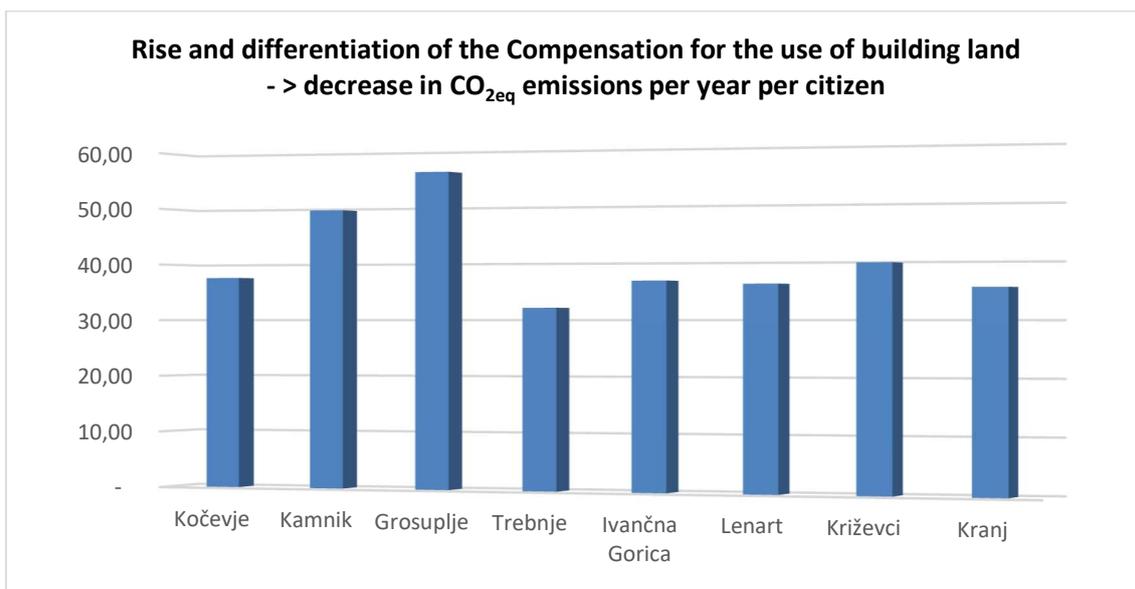
Municipality of Trebnje *CMD=1,23*

Trebnje is one of the two pilot municipalities that has no revenue from municipal taxes. Since other comparable municipalities raise about 45.000 €/year in municipal tax, Trebnje should reconsider implementing this tax. **Compensation for the use of building land** is also low and raising it only minimally (comparable to other municipalities that are as developed as Trebnje) would add additional 75.000 €/year. Thus 120.000 €/year could be invested RES promotion.

Comparison of best practices

These fiscal policies have the objective of promoting renewable energy sources in Slovene municipalities, so they can be considered best practices to be shared with other municipalities, countries and contexts.

In terms of evaluation, with the approval of these ordinances, all these municipalities have developed best practices that translate into an decrease in CO_{2eq} emissions allocated to renewable energy, as shown in the following graph.



Of course, collection is not necessarily a best practice for the promotion of renewable energies. However, in the case of Slovenian municipalities, it might be a best practice to increase revenues in municipalities where the rise and differentiation in Compensation for Use of Building Land Ordinance have been passed. This increase in the levy considered **Coefficient of municipal development (CMD)** can be directly implemented and has a direct impact on the promotion of renewable energies at municipal level.

An important action towards promoting RES was achieved by project LOCAL4GREEN members in Slovenia. Project members cooperated with Ministry for public administration when Strategy for development of local self-government in Slovenia until 2020 Review – track changes” was written. Input from the pilot partners resulted in inclusion of regulatory impact assessment in the decision-making process on the local level. The regulatory impact assessment promotes *ex ante* review of proposed legislation and how it will effect environment, society and economy. This will enable decision makers on the local level to make evidence based decisions on local policies, including fiscal policies promoting RES.

5.2.9. Spain

The evaluation carried out in each of the municipalities aimed to reinforce a culture of results-oriented public management, learning and evidence-based policy-making. In this way, results have been evaluated in order to gather useful information aimed at local politicians and managers to foster the continuous improvement of implemented green fiscal public policies.

A total of 11 pilot municipalities in the Valencian Community took part, and the best practices identified in them are set out below.

The following fiscal policies are described in detail in section 3.8.2. *Description of Fiscal Policies of Pilot Municipalities.*

Moreover, have been chosen the municipalities that have approved ordinances and within them, are highlighted as best practices because they are the ones that have achieved greater reductions in CO2 and an increase in kWh dedicated to renewable energy.

a) Tax on buildings, installations and works (ICIO in its Spanish acronym)

Dolores Municipality

An ordinance was approved at the extraordinary session of the Town Hall of Dolores held on November 16, 2018, and has entered into force in January 17, 2019.

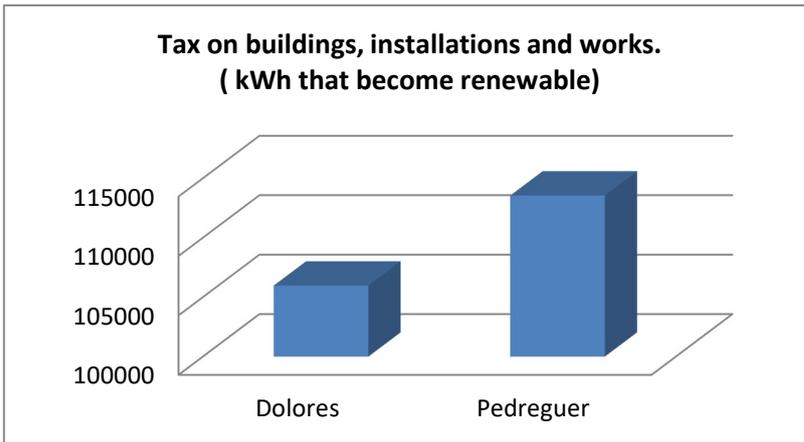
This establishes, in terms of the incentive of green policies, different bonuses.

Pedreguer Municipality

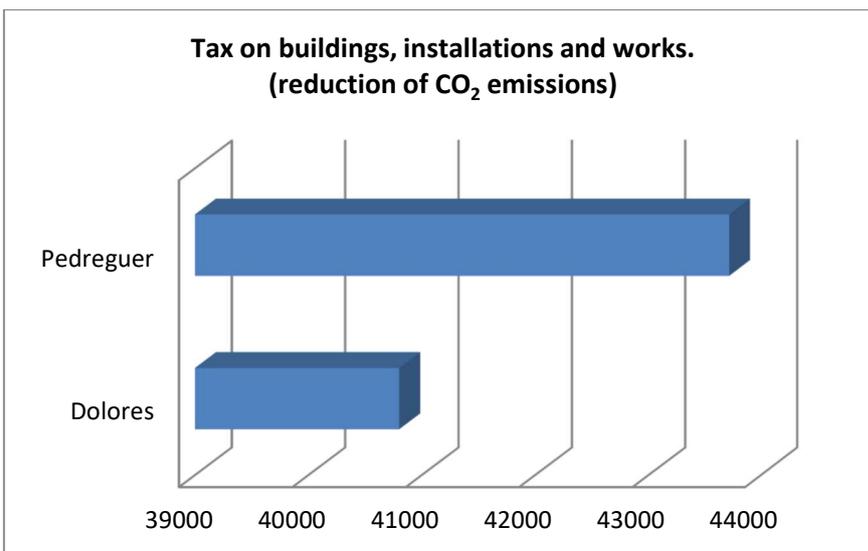
This tax ordinance entered into force on January 1, 2019 in Pedreguer Municipality and establishes a 95% rebate on the tax rate on buildings, installations or works consisting of the installation of systems for the thermal or electrical use of energy from the sun.

Comparison of best practices

Two graphs are given below, the first shows a comparison of kWh figures that become renewable energy between the pilot municipalities of Dolores and Pedreguer, the figure for Dolores being 105.980 kWh and the figure for Pedreguer being 113.550 kWh respectively.



The second graph shows the amount of kg of CO₂ that is stopped emitting each year, on the one hand, we have Dolores municipality which provides for savings of 40.802 Kg of CO₂. On the other hand, we have Pedreguer municipality where the savings estimate is calculated in 43.717 Kg of CO₂. Both municipalities are considered best practices because the expected reduction in CO₂ emissions will be significant.



b) Tax on mechanically driven vehicles (IVTM in its Spanish acronym)

Dolores Municipality

In the municipality of Dolores entered into force on 1 January 2019 an ordinance. This establishes, in terms of the incentive of green policies, different bonuses.

Pedreguer Municipality

In Pedreguer Municipality this ordinance entered into force on 1 January 2019 and establishes certain bonuses previously described in the other sections.

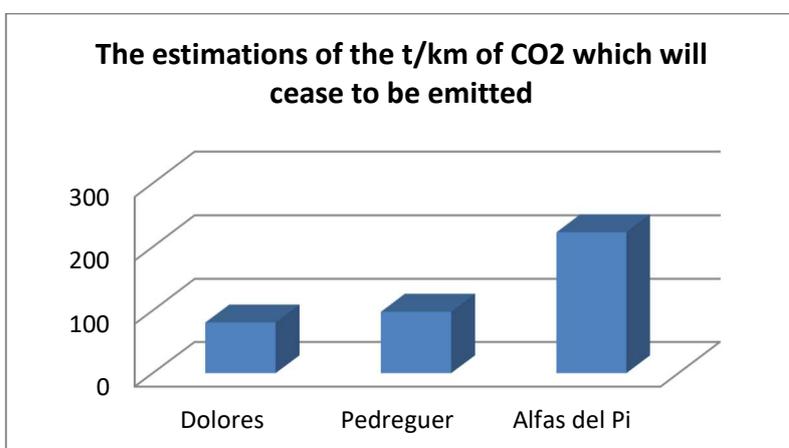
Alfas del Pi Municipality

In this municipality was approved a tax ordinance regulating the tax on mechanical traction vehicles of 2009 that establishes a 75% tax credit for vehicles powered exclusively by electric motors.

Comparison of best practices

In the four pilot municipalities in Spain in which it has been approved a Tax on mechanically driven vehicles the estimations of the t/km of CO₂ which will cease to be emitted is the same percentage for all the municipalities, 2%, what in each municipality is specified in a different quantity depending on the number of vehicles.

As shown in the graph below, Alfas del Pi and Pedreguer would be the municipalities in which the environmental impact would be greatest in terms of emission reductions. This is due to the fact that their vehicle fleet is larger.



Although the approval of these ordinances Tax on mechanically driven vehicles and the forecast that 2% of vehicles will use them is a best practice for the four municipalities indicated, it could be improved.

In this respect, it would be a better practice to increase the number of vehicles that qualify for the bonus so that the environmental impact would be greater, **therefore a best practice would be to increase the bonuses in order to increase the vehicles that would become electric.**

c) Property tax (IBI in its Spanish acronym)

Pedreguer Municipality

A tax ordinance in this Municipality came into force on 1 January 2019 and establishes a maximum tax rebate of 50% on the tax liability during the 3 tax periods following the completion of the installation of systems for the thermal or electrical use of energy from the sun, and 25% in the 2 tax periods following. This rebate is fixed on the basis of the cadastral value.

Quart de Poblet Municipality

In the case of property tax in Quart de Poblet it has been estimated that 1% of households benefit from this bonus, bearing in mind that in the case of Madrid the number of dwellings benefiting from this bonus until 2017 was zero. An average installed power in each of the households of 2.5 kW has also been assumed. With these data, the results obtained are as

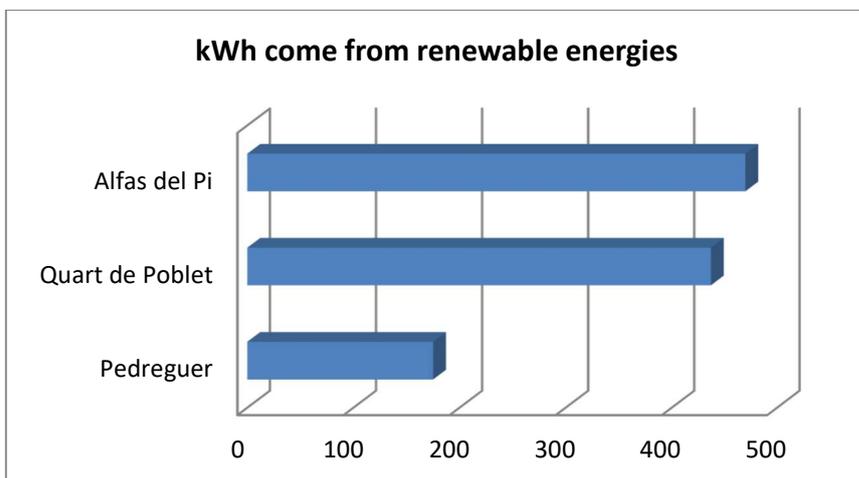
follows: 437,197 kWh come from renewable energies and thanks to this measure 168,321 kg of CO₂ eq are no longer emitted each year.

Alfas del Pi Municipality

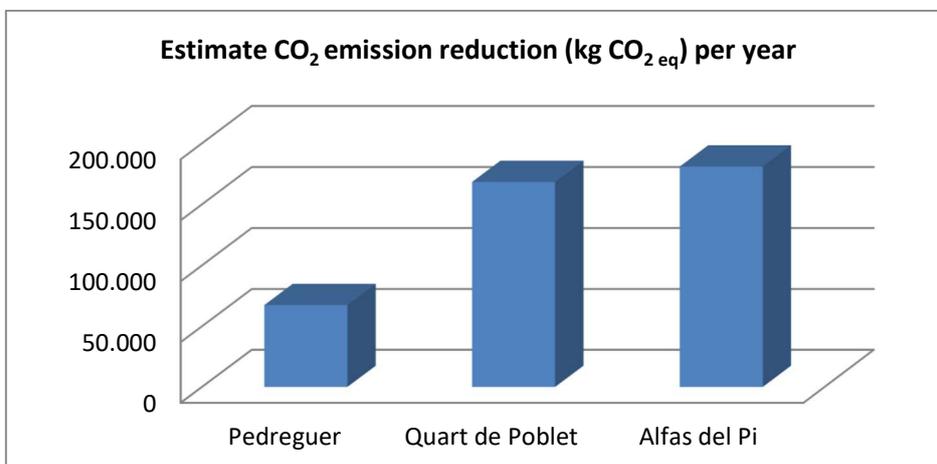
In the case of property tax in Alfas del Pi, a regulatory fiscal Ordinance is approved that establishes systems for the thermal or electrical use of the energy coming from the sun. This ordinance establishes a 25% rebate on the total tax liability for real estate in which systems have been installed for the thermal and electrical use of energy from the sun and which have a sanitary use of more than 25% of the built surface, according to data from the corresponding cadastral record. An estimate has been made that 1% of households will benefit from this bonus.

Comparison of best practices:

In terms of assessment, with the approval of the ordinance, the three municipalities have developed good practices that result in an increase in kWh allocated to renewable energies, as shown in the graph below.



Likewise, thanks to the same measure -the approval of the ordinance- a considerable amount of kg of CO₂ will cease to be emitted each year, as shown in the following graphic.



d) Tax on economic activities (IAE in its Spanish acronym)

Pedreguer Municipality

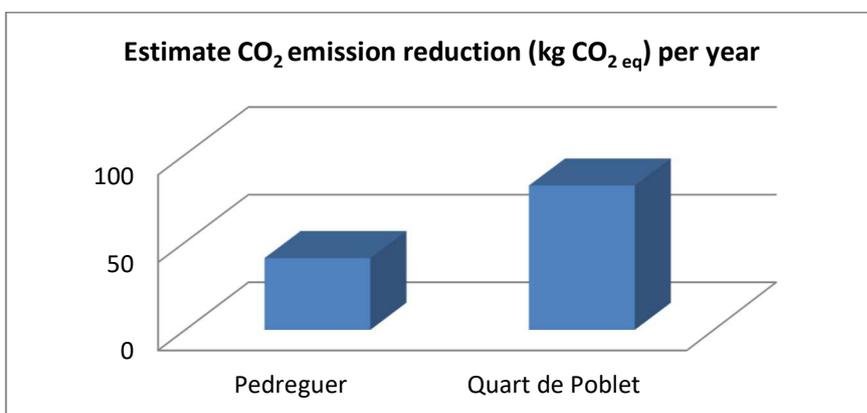
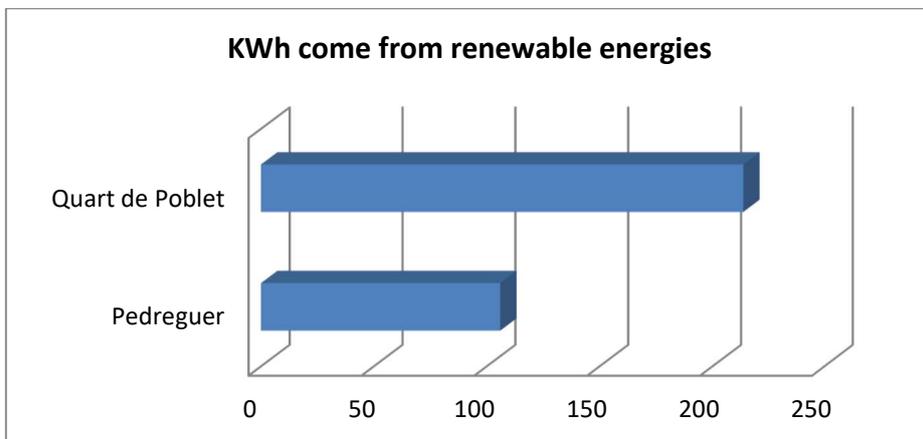
The ordinance approved on this line by the Town Council of Pedreguer came into force on 1 January 2019 and establishes a bonus, for the first 5 years, of 50% in the corresponding quota for taxpayers who pay municipal quota and produce or use, for the development of their activities, energy obtained in facilities for the use of renewable energy or from cogeneration systems. Based on the data on the number of companies for 2018 in the locality and with a forecast that 1% of these companies will take advantage of the proposed bonus, it is estimated that the amount of KWh that become renewable energy will be 105,980 KWh and that the total kg of CO₂ that will cease to emit each year amounts to 40,802 kg.

Quart de Poblet Municipality

For the Tax on economic activities it has been estimated that 1% of the companies take advantage of this bonus and, in the same way, an average installed power of 10 kW has been assumed in each of these companies. The results are as follows: 213,744 kWh come from renewable energies and 82,291 kg CO₂ eq are no longer emitted annually.

Comparison of best practices:

In terms of assessment, with the approval of the ordinance, both municipalities have developed good practices that result in an increase in kWh allocated to renewable energies, and also in a reduction of kg CO₂ emissions, as shown in the graphics below.



6. Recommendations

Given the environmental urgency, we need an ecological taxation to fight against climate change and pollution, to accelerate the transition to a 100% renewable model, to achieve sustainable mobility and to preserve biodiversity. In short, to make the leap to a healthier and more sustainable model that contributes to the protection of the environment and the improvement of social justice.

We understand green tax policies or green taxation as those that consist of using the tax system as a means to encourage behavioral changes that are considered positive from an environmental point of view. In a context of growing inequality both in the distribution of wealth and in the responsibility towards the main environmental problems, these economic incentives must be part of a broader environmental, economic and social policy that serves to reduce this gap, facilitate sustainable behaviors to the less favored classes and ensure that the economic agents with the greatest impact on the environment are the main ones.

Likewise, it is essential that the collection obtained from these fiscal policies be entirely destined to facilitate the ecological transition and reach a socioeconomic model according to the limits of the planet.

For example, the case for Spain, it is necessary for Spanish taxation to approach those of the surrounding countries (in terms of percentage of GDP, Spain is ranked 25 in the EU-28 environmental tax ranking)²⁰, in order to guide the behavior of economic agents and contribute to the protection of the environment and the improvement of social justice.

Spain collects 5.6% of GDP from environmental taxes, below the EU-28 average, which reaches 6.8% of the total, according to Eurostat data from 2015 collected by the Institute for Economic Studies (IEE). The European Union has recently proposed to substantially increase the contribution of these taxes to total tax revenues, in line with the idea of achieving a more efficient Europe in the use of resources.

About 5.6% that **Spain** collects for these taxes, is Slovakia, with 5.5%. The last places in the EU ranking correspond to Luxembourg (4.9%), France (4.8%) and Belgium (4.7%).

On the other hand, **Croatia** is placed first with 10.9%, with **Slovenia** (10.6%) and **Greece** (10.3%). **Malta** and **Cyprus** are around 9%, while Denmark reaches 8.6%; followed by Ireland (8%) and **Italy** (7.9%). The United Kingdom, **Portugal**, Hungary and Finland also exceed the European average.

In general, it has been observed how experience with these types of fiscal policies has been weak and uncoordinated throughout Europe. For example, Spain, the central administration has not shown much interest and the autonomous communities have taken advantage of this gap to develop their fiscal autonomy, but there has not been an orderly and shared strategy and the final result is quite limited. This rugged journey has also led to imperfect taxes that do not define or directly link to negative environmental externalities, that do not have the appropriate spatial scope, or that do not release the necessary corrective signals by having

²⁰ https://ec.europa.eu/environment/eir/pdf/report_lu_en.pdf

bases and/or types inadequate. And these types of problems can be transferred to the rest of the countries of the European Union.

A deeper reform of current long-term fiscal policies will be necessary since together with technological advances that increase energy efficiency and with changes in consumer habits, make these changes much easier.

The implementation of a reform in green fiscal policies requires good management of what is often called the institutional factor. This concept fundamentally includes two aspects that have relation with the political economy of these taxes: the analysis of the feasibility, political and reputational costs; and the adaptation of the reform to the political-institutional structure of the country that promotes it.

As already mentioned, greater use of renewable energy is essential to reduce EU greenhouse gas emissions and their dependence on fossil fuels and imported energy, and thus contribute to the security of their energy supply. In addition, renewable energy can play an important role in promoting sustainable development in MED areas. The EU's renewable energy policy could be more explicit in establishing the conditions for effectively linking renewable energy to development in different areas. The specific funding available could influence the achievement of European and national renewable energy targets, but Member States have not always given priority to renewable energy projects that could contribute to sustainable development.

Local authorities in the MED area handle fees and taxes that vary considerably according to the legislation in each country. Although the autonomy of local authorities to amend the fees and taxes under their competence varies greatly in each country, their capacity, in general, to apply said fees and taxes is much regulated. Furthermore, in a restrictive sense, even in the countries with a greater level of local autonomy, the legal powers of the local authorities, in terms of amending their fees and taxes and, consequently, of fostering renewable energy through them, are very limited.

Taking into consideration all that it has been mentioned, municipalities have to act on them so as to align them with the political guidelines of the European Union.

Recommendations include the following (from less to more local):

- When designing renewable energy policies, the Commission and Member States should take into account the circumstances and needs of different areas, in particular when establishing National Climate and Energy Plans.
- The Commission should specify the purpose and function of supporting the different funds for investments in renewable energy.
- Regarding to renewable energy aids, the Commission should require Member States to provide relevant information on the programmatic achievements of renewable energy projects in their improved annual implementation reports.
- The Commission should reinforce, together with Member States, the need to apply relevant selection procedures in order to support only viable renewable energy projects with a clear benefit for sustainable development.
- Directive 2009/28/EC on Renewable Energies establishes the need to simplify administrative procedures for the promotion of renewable energies. Administrative simplification acquires special relevance at the local level, since it is the local Administrations that are responsible, on the one hand, for the processing of urban

planning licenses and, on the other hand, for the establishment of urban planning regulations that can facilitate or limit the implementation of this type of technologies.

- In the case of tax exemptions in local taxes, it is proposed not to require conditions that are not consistent with a system of self-consumption or that excessively limit the facilities that can benefit from them but applying a series of limitations that contribute to reducing risk of a possible reduction of income in the municipalities. For example, some of the recommendations, in this sense, go along the lines of simplifying administrative procedures and establishing temporary and economic limits to the bonus, by the Consistory.
- To improve the administrative efficiency and the elimination of obstacles for the administered persons, the limitations, conditions and requirements that are determined as regards the procedures must be proportional to the objective pursued.
- Urban planning regulations must be accessible, understandable, easily located and available, if possible, also electronically. This includes the need to have information on the procedures to be carried out clearly and jointly.
- When establishing these bonuses, it is recommended to take into account that they are intended to promote and assist citizens in the implementation of renewable energies. In most cases, the investment makes sense on its own, but lack of information, initial investment or fluctuating prices of fossil fuels can make this momentum necessary.
- On the other hand, it should not be forgotten that these bonuses involve a reduction in municipal revenues, primarily intended to finance Public Policies, so it is advisable to establish parameters that meet the intended objective, that is, to promote the installation of renewable energy in the municipality but, likewise, do not involve the complete financing of the installation. It will be necessary, therefore, to establish a series of economic and temporary limits to these bonuses and, at the same time, do not represent an excessive burden for the Administration in terms of the supervision of the facilities.
- Internal coordination of the different departments involved in administrative procedures, to promote knowledge of administrative procedures, tax ordinances, etc. by the staff of the City Council (technical, administrative, etc.) and favor a prompt and efficient response to citizens when they make any inquiry or procedure.
- Provide coherence to the current existing regional taxes through the promotion of a coordination policy from the central governments.
- It is essential to transfer to the population, in a clear, concise and transparent manner the procedures, benefits and initiatives that the City Council or other public administrations make available to the public. And, likewise, an entire exercise of simplification and facilitation of procedures should be done so that no person is excluded. An informed citizenship, with rigor, is key to implementing renewables in the municipalities.
- Implement educational programmes for all target groups. Continuously carrying out promotional-educational activities for different target groups with emphasis on the positive effects of designed local fiscal policies to promote renewable energy.
- Establish publicly accessible databases with examples of best practice about designed local fiscal policies to promote renewable energy.
- Launch of a publicity and awareness-raising campaigns on the approved local fiscal policy promoting renewable energy. This should be coupled with an extensive awareness campaign steered by both the Central and Local Government should be planned and carried out in order to inform citizens and businesses about the costs and benefits of using these types of equipments.

- Establish good communication channels for the exchange of knowledge and experience between different levels of administration (national, regional, county, local).
- The transition towards green taxation has to be coordinated among local authorities, primarily, granting local authorities legal capacity to amend their fees and taxes, integrating surcharges for taxpayers who pollute and tax relief for those who pollute the least. As such, new revenue can be collected for local authorities, while also directing the behaviour of taxpayers and markets towards environmental sustainability patterns.

In any case, these changes in local taxation should not overlook the progressivity of taxes and such taxes should not cause a grievance for the most vulnerable groups of people.

- The green taxation may lead to an increase of the revenues of the local authorities. Such additional income should be used for environmental purposes, preferably promoting actions to compensate the engraved taxpayers.
- It is proposed that the legislation considers passing on, through local taxes, the costs derived from the implementation of the Covenant of Mayors to properties located and activities undertaken in the municipality since the official incorporation into the Covenant of Mayors requires participants to sign up to a commitment to formalise a Sustainable Energy and Climate Action Plan within two years.
- To incorporate the cost derived from participation in the Covenant of Mayors for Climate & Energy, there are two fiscal instruments that local authorities usually handle: on the one hand, fees and other similar types of taxation that tax the occupancy of public streets and the opening, establishment, functioning and undertaking of activities that entail generating CO₂; and, on the other, taxes on immovable urban property.
- Related to vehicle taxation, local authorities manage it in many countries. It is suggested that on establishing the tax, in addition to power, vehicle cost and other objective elements, that a technical coefficient relating to the greenhouse gases and other pollutants released by the vehicle is included. The impact of the coefficient should be high, taxing the most polluting vehicles.
- In the case of electric vehicles, the granting of additional tax relief will be taken into account when it is proven that the energy consumed is from renewable sources. To do that, establishing the home of such taxpayers as a regular charging point is suggested. Therefore, it will have to be verified that the energy produced by those taxpayers is from renewable sources or that they have an agreement with a renewable energy supplier company.
- A tax exemption or significant relief, relating to the occupancy of public-municipal property, for companies that install charging points or stations for electric or hybrid vehicles should be established if they prove that the electricity used is from renewable sources.
- Tax relief or reductions are easily extendible to the promotion of energy efficiency.
- Likewise, consideration should be given to the exemption from or reduction in the fees or other types of taxation levied on licences and authorisations relating to works or installations to improve the energy efficiency of properties or to incorporate energy from renewable sources.
- It is proposed that competent authorities grant local authorities the power to establish a municipal tourist tax on stays at hotel establishments in the municipality. In the event that the State or other intermediary bodies have or establish such levy, local authorities should be empowered to establish a surcharge.

- The local tourist tax or surcharge should be based on a fixed fee according to the category of hotel, the average price per night or on a percentage of the levy established by the State or other intermediary body.

The corresponding tax yield should be allocated, at least in part, to setting up subsidies so that establishments in the municipality can incorporate energy from renewable resources in their functioning.

- Competent authorities should undertake the reforms required to empower local authorities to fix surcharges on these fees for taxpayers that use non-renewable sources of energy.

Taxing pollution and resource use can generate increased revenue and bring important social and environmental benefits. Moreover, environmental-related taxation is one of the few taxes that are generally not detrimental to growth.

A fiscal change towards both green and local taxation has to be an essential element in the reform. Furthermore, this reform could be an interesting financing alternative in periods of public budget cuts.

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