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ACTS, 2014

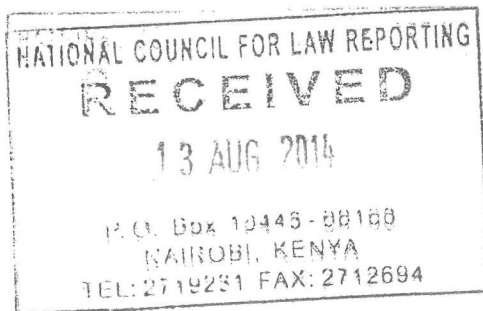
NAIROBI, 4th August, 2014

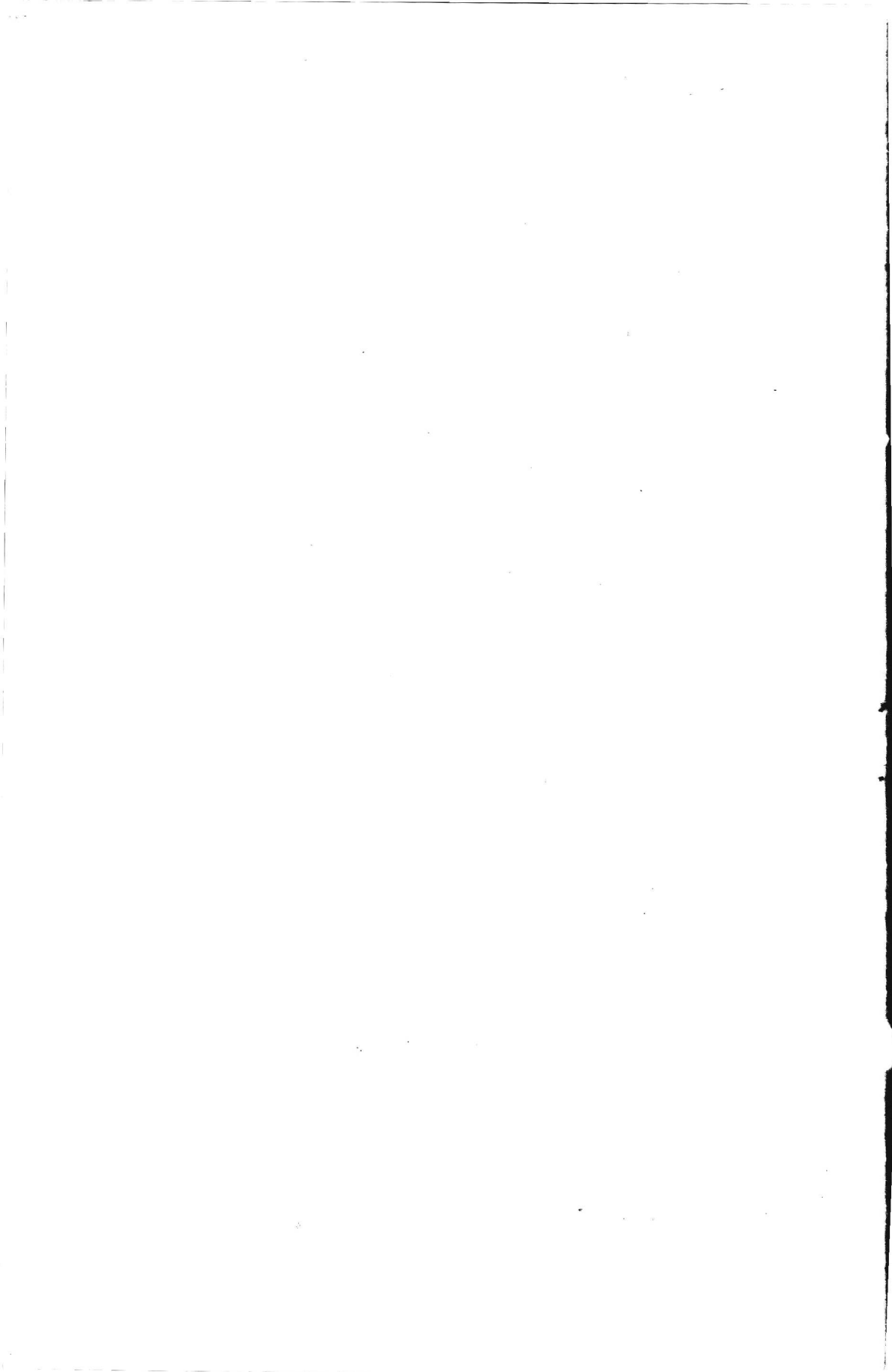
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THE DIVISION OF REVENUE ACT

No. 12 of 2014

Date of Assent: 30th July, 2014

Commencement Date: 4th August, 2014

ARRANGEMENT OF SECTIONS

Section

- 1—Short title and commencement.
- 2—Interpretation.
- 3—Object and purpose of this Act.
- 4—Allocations to County Government.
- 5—Variation in Revenue.
- 6—Resolution of disputes and payment of wasteful expenditure.

SCHEDULE

**ALLOCATION OF REVENUE RAISED
NATIONALLY BETWEEN THE NATIONAL AND
COUNTY GOVERNMENTS FOR FINANCIAL YEAR
2014/15**

THE DIVISION OF REVENUE ACT, 2014

AN ACT of Parliament to provide for the equitable division of revenue raised nationally between the national and county governments in 2014/15 financial year, and for connected purposes

ENACTED by the Parliament of Kenya, as follows—

1. This Act may be cited as the Division of Revenue Act, 2014, and shall come into operation upon publication.

Short title and commencement.

2.(1) In this Act, unless the context otherwise requires—

Interpretation.

“Cabinet Secretary” means the Cabinet Secretary for the time being responsible for matters relating to finance;

“county allocation” means the share of national revenue computed in accordance with article 203(2) of the Constitution that is allocated for the use of the County government consisting of the County Executive and the County Assembly;

“national allocation” means the share of national revenue computed in accordance with Article 203(2) of the Constitution that is allocated for the use of the national government consisting of the Executive, Parliament and the Judiciary;

“revenue” has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act, 2011;

“State Organ” has the meaning assigned to it under Article 260 of the Constitution;

“wasteful expenditure” has the meaning assigned to it under section 2 of the Public Finance Management Act, 2012.

No. 18 of 2012.

3. The object and purpose of this Act is to provide for the equitable division of revenue raised nationally between the national and county levels of government for the financial year 2014/15 in accordance with Article 203(2) of the Constitution.

Object and purpose of this Act.

Allocations to
county governments.

4. (1) Revenue raised by the national government in respect of the financial year 2014/15 shall be divided among the national and county governments as set out in the Schedule to this Act.

(2) In accordance with the provisions of Article 187(2) and Article 203(1)(d) of the Constitution, and for further certainty, the allocation for the national government under subsection (1) includes Kshs.1.87 billion conditional allocation for financing all Level 5 hospitals as currently listed.

5. (1) If the actual revenue raised nationally in a financial year falls short of the expected revenue set out in the Schedule, the shortfall shall be borne by the National Government, to the extent of the threshold prescribed in the regulations by the Cabinet Secretary.

Variation in
revenue.

(2) If the shortfall in revenue referred to in sub-section (1) exceeds the threshold prescribed by the Cabinet Secretary, the shortfall in excess of that threshold shall be apportioned between the national and county governments on a *prorata* basis.

(3) If the actual revenue raised nationally in a financial year exceeds the expected revenue set out in the Schedule, the excess revenue shall be apportioned between the national government and county governments on a *prorata* basis.

6. (1) Any State Organ involved in an intergovernmental dispute regarding any provision of this Act or any division of revenue matter or allocation shall, in accordance with Article 189 of the Constitution and before approaching a court to resolve such dispute, make every effort to settle the dispute with the other State Organ concerned, including exhausting all alternative mechanisms provided for resolving disputes in relevant legislation.

Resolution of
disputes and
payment of wasteful
expenditure.

(2) If a court is satisfied that a State Organ, in an attempt to resolve a dispute has not exhausted all the mechanisms for alternative dispute resolutions as contemplated in section 35 of the Intergovernmental Relations Act and refers the dispute back for the reason that

the State Organ has not complied with subsection (1), the expenditure incurred by that State Organ in approaching the court shall be regarded as wasteful expenditure.

(3) The costs in respect of such wasteful expenditure referred to in subsection (2) shall, in accordance with a prescribed procedure, be recovered without delay from the person who caused the State Organ not to comply with the requirements of subsection (1).

SCHEDULE

**ALLOCATION OF REVENUE RAISED NATIONALLY BETWEEN
THE NATIONAL AND COUNTY GOVERNMENTS FOR
FINANCIAL YEAR 2014/15**

Type / Level of allocation	Amount in Kshs. billions	Article 203(2) (Minimum threshold- 15%)
Total Shareable Revenue	1,026.31	
A. National Allocation	799.65	
<i>of which;</i>		
Conditional allocation for Economic Stimulus Package ¹	1.45	
Conditional allocation for Level 5 Hospitals	1.87	
Equalization Fund	3.4	
B. County Allocation ²	226.66	43%

Note

¹ For completion of centers of excellence under the Economic Stimulus Package in all 290 constituencies (5 million per constituency).

² Based on 2009/10 audited revenues approved by the National Assembly, the County Allocation of Kshs. 226.66 billion represents 43% of Kshs. 529.3 billion audited revenue approved by the National Assembly in accordance with Article 203(3) of the Constitution.

