

# POPULAR PARTICIPATION LAW 1551

Gonzalo Sánchez de Lozada

CONSTITUTIONAL PRESIDENT OF THE REPUBLIC

Whereas, the National Congress has approved the following Law:

THE HONORABLE NATIONAL CONGRESS

DECREES:

## TITLE I

### POPULAR PARTICIPATION

#### CHAPTER I

#### SCOPE OF PUBLIC PARTICIPATION

##### **ARTICLE 1. PURPOSE**

This law recognizes, promotes and consolidates the Popular Participation process that links the indigenous, peasant and urban communities with the legal, political and economic life of the country. It attempts to improve the quality of life of Bolivian men and women with a more just distribution and better administration of public funds. It fortifies the political and economic instruments necessary to perfect representative democracy, facilitating citizen participation and guaranteeing men and women equality of opportunity in representational levels.

## **ARTICLE 2. SCOPE**

To achieve the objectives set forth in the article

- a. It recognizes the legal status of the Territorial Base Organizations, both urban and rural, and relates them to the public authorities.
- b. It declares the territorial jurisdiction of the Municipal Government to be the Provincial Section. It expands the powers and increases the funds at the command of the Municipal Governments, and transfers to them the physical infrastructure in the area of education, health, sports, local roads, and micro-irrigation, as well as the obligation to administer, maintain and restore it.
- c. It establishes the principle of egalitarian distribution per inhabitant of the co-participation tax funds that are assigned and transferred to the Departments through the corresponding municipalities and universities, and seeks to correct historic inequalities between the urban and rural areas.
- d. It restructures the duties and powers of the public authorities, so that they may conduct their activities within the framework of the rights and duties enumerated in this Law.

## **CHAPTER II.**

### **PARTIES INVOLVED IN POPULAR PARTICIPATION**

## **ARTICLE 3. TERRITORIAL BASE ORGANIZATIONS AND REPRESENTATION**

- I. The parties involved in Popular Participation are defined as the Territorial Base Organizations, in the form of peasant communities, indigenous peoples and neighborhood organizations, organized on the basis of their traditions, customs or statutory provisions.

- II. The following are the recognized representatives of the Territorial Base Organizations: men and women who are Captains, tribal chiefs [Jilicatas], local chieftains [Curacas], elected indigenous leaders [Mallcus], Secretaries General and other persons appointed according to their traditions, customs and statutory provisions.

#### **ARTICLE 4. LEGAL STATUS**

- I. The Territorial Base Organizations that represent the entire urban or rural population of a particular territory, corresponding to the neighborhoods determined by the Municipal Governments in the urban areas and the existing communities in the rural areas, are granted legal status, with the sole requirement of registering in compliance with the procedures established by this law.
- II. The legal standing that is recognized by this law grants legal capacity to those holding it so that they may receive all the rights and obligations resulting from any civil act defined by the national legal code.

#### **ARTICLE 5. REGISTRATION OF LEGAL STATUS**

- I. The registration of the legal standing of any of the peasant communities, indigenous peoples and neighborhood organizations in the Provincial Section will be done on the basis of the jurisdiction, by means of a Resolution from the Office of the Governor or assistant governor on behalf of the Territorial Base Organization that presents community documents, such as minute books, the minutes of meetings, the certificate of office appointing its representatives or authorities, and/or the respective Statutes or Regulations, depending on the nature of the applicant, and after having received a Resolution of approval from the corresponding Municipal Council or Board. Upon

compliance with the preceding requirements, the competent administrative authority may not refuse the registration, being liable for any action or omission that is not in compliance with the provisions of this article.

- II. In order to enjoy the rights established for Popular Participation, the Territorial Base Organizations that have obtained legal status prior to the promulgation of this law must register with the Office of the Governor or the Sub-Governor, as appropriate, and the administrative authority may not offer any objections.
- III. The procedures for registration of Legal Status that are described in this law will be free of charge.
- IV. All other Civil Associations are governed by the provisions of the laws regulating the subject.

## **ARTICLE 6. REPRESENTATIONAL UNIT**

- I. Within each territorial unit, only a single Territorial Base Organization will be recognized as having access to the rights and duties defined in this law.
- II. Only one representative body will be recognized for each Territorial Base Organization.
- III. In the event that conflicts arise over representation, whether territorial or institutional, if the parties are unable to reach a mutually agreeable solution, the problem will be resolved at a single administrative hearing by the Municipal Council or Board, without prejudice to subsequent appeals by the parties to the legally established courts of law. The rights granted to the Territorial Base Organizations that are parties to the dispute will be suspended for the duration of the conflict.

- IV. The Municipal Governments and the Community Associations will oversee the unity, organization and strengthening of the Territorial Base Organizations, and will seek to avoid fragmentation and unnecessary division of the territory where they are located.

## **ARTICLE 7. RIGHTS OF THE TERRITORIAL BASE ORGANIZATIONS**

The Territorial Base Organizations have the following rights:

- a) To propose, request, oversee and supervise the performance of public works and the provision of public services, depending on the needs of the communities, in the area of education, health, sports, basic sanitation, micro-irrigation, local roads and urban and rural development.
- b) To participate in and conduct activities relating to the management and preservation of the environment, ecological balance and sustainable development.
- c) To act on behalf of and obtain the modification of actions, decisions, projects or services provided by public agencies, when they are contrary to the interests of the community.
- d) Propose the change or approval of the education and health authorities within their territory.
- e) Have access to information on the funds intended for Popular Participation.

## **ARTICLE 8. DUTIES OF THE TERRITORIAL BASE ORGANIZATIONS**

The following are the duties of the Territorial Base Organizations:

- a) Identify, prioritize, participate and cooperate in the performance and administration of projects for the collective welfare, preferably dealing with those relating to formal and informal education, improvement of housing, care and protection of health, expansion of sports, and improvement of production techniques.
- b) Participate in and cooperate with the community service work of the public services.
- c) Cooperate in the maintenance, preservation and protection of public, municipal and community property.
- d) Inform and provide reports to the community on the activities they perform as its representatives.
- e) File administrative and judicial appeals in defense of the rights recognized in this Law.
- f) Provide equal access by men and women to representational levels.

## **ARTICLE 9. COMMUNITY ASSOCIATION**

Recognition is granted to the Community Associations established by the Territorial Base Organizations on the basis of their traditions and customs or their statutory provisions.

## **ARTICLE 10. OVERSIGHT COMMITTEE**

- I. For the purpose of connecting the Territorial Base Organizations with each of the Municipal Governments for the exercise of the rights and obligations established in this law, an Oversight

Committee is hereby established and will be composed of one representative from each Canton or District in the jurisdiction, chosen by the respective Territorial Base Organization, and having the following powers:

- a. Ensure that the municipal funds for Popular Participation are invested in the urban and rural population in an equitable manner, constituting the nexus for the Territorial Base Organizations to exercise the rights recognized by this Law.
  - b. Ensure that no more than 10% of the funds for Popular participation are used for the running expenses of the Municipal Government.
  - c. Offer an opinion on the budget of the funds for Popular Participation and the reports on expenditures and investments made by the Municipal Government. This opinion must be made public in any communications media, and a copy must be sent to the Executive Office so that it may perform the duties that are assigned to it in the National Constitution.
- II. In those municipal jurisdictions where there is only one Canton, the Territorial Base Organizations will elect three citizens who will compose the Oversight Committee, and where there are two cantons, each one will elect two citizens.
  - III. The Oversight Committee will define its form of organization and its work, as well as the election of its Directors.

## **ARTICLE 11. SUSPENSION OF FUNDS FOR POPULAR PARTICIPATION**

- I. When there is a complaint from the Oversight Committee relating to Municipal Ordinances and Resolutions, referring to the administration of municipal funds set aside for Popular

- Participation, the Executive Office will perform the appropriate evaluation and, if applicable, will request the offending municipality to correct the problem that has been identified. In the event that the request is ignored, pursuant to the provisions of subparagraph 9 of Article 96 of the National Constitution, the Executive Office will fill a complaint with the National Senate on the Municipal Government that has received the request.
- II. The Executive Office may also automatically request the Municipal Government to correct actions that it considers to be in violation of the National Constitution and the laws; and in the event that the Municipality that has received the request does not agree to correct the matters that were the subject of the complaints, the Executive Office will report this refusal to the National Senate.
  - III. If the National Senate admits the complaint, the disbursement of tax coparticipation funds for Popular Participation for the Municipality that was the subject of the complaint will be suspended. Until the National Senate finally resolves the problem, the coparticipation funds will continue to accumulate in the account of the Municipal Government that is under scrutiny.

## **TITLE II.**

### **MUNICIPAL GOVERNMENTS**

#### **SOLE CHAPTER.**

### **MUNICIPAL GOVERNMENTS**

#### **ARTICLE 12. MUNICIPAL JURISDICTION**

- I. The territorial jurisdiction of a Municipal Government is the Provincial Section.

- II. There will be only one Municipal Government for each Provincial Section.
- III. The municipal jurisdiction of Department capitals will correspond to their respective Provincial Section.

### **ARTICLE 13. TRANSFER OF PHYSICAL INFRASTRUCTURE.**

- I. Title of ownership is transferred to the Municipal Governments, at no charge, for fixed and moveable assets that are part of the physical infrastructure for public services in the area of health, education, culture, sports, local roads and micro-irrigation, consisting of:
  - a) Second and third tier hospitals, district hospitals, area health centers and health stations that are under the corresponding Office of the Ministry of Human Development.
  - b) Public educational institutions for the preschool, primary and secondary levels.
  - c) Sports fields for group practices and multipurpose sports stadiums, with the exception of facilities connected with national and international sports performance.
  - d) Micro-irrigation infrastructure and infrastructure for local roads that are state owned.
  - e) Cultural offices, libraries, museums and other branches of the National Government, except for those institutions considered to be the property of the universities for each departmental jurisdiction.

- II. The Executive Office is responsible for establishing the regulations and defining the national policies for the areas of health, education, culture, sports, local roads, irrigation and micro-irrigation; regulating the instructional and technical services for education, and the medical and professional services for healthcare. All teaching personnel or administrative and specialized technical personnel who are responsible for executing these policies will be the employees of the National Government, which must compensate them, thereby insuring uniformity in the provision of these social services.

#### **ARTICLE 14º. EXPANSION OF MUNICIPAL POWERS**

- I. All municipal powers are extended to cover the rural areas of their territorial jurisdiction.
- II. In addition to the provisions of Article 9 of the Organic Law on Municipalities, the powers of the municipality are extended in the following areas:
  - a) Administer and oversee equipment and the maintenance and improvement of the fixed and movable assets owned by the Municipal Government, including those that are transferred under this Law, and regulate their use.
  - b) Provide equipment, furnishings, teaching material, supplies, provisions such as drugs and foods for the health services, administering and supervising their use, for the good operation of the infrastructure and the health, basic sanitation, education, cultural and sports services.
  - c) Pursuant to the respective regulations, supervise the performance of educational authorities, directors and teaching personnel, and

propose approval for good services or removal for cause to the Departmental educational authority, doing so on its own initiative or at the request of the Territorial Base Organizations and the Oversight Committee.

- d) Inspect, supervise and propose the replacement or approval of authorities in the public health area, subject to the regulations on the matter and safeguarding efficient provision of the service, doing so at its own initiative or at the request of the Territorial Base Organizations and the Oversight Committee.
- e) Administer urban and rural property registration systems, in compliance with the general and technical regulations issued by the Executive Office.
- f) Manage the registration and enrollment of taxpayers necessary for the collection of its own revenues, based on the rural and urban property registration and the National Land Use Plan approved by the Executive Office.
- g) Preserve and restore the cultural and historical heritage and promote all forms of cultural expression.
- h) Promote and encourage the practice of sports, attempting to increase their participation and competitiveness.
- i) Promote rural development by means of the use of its own technologies and other applied technologies, micro-irrigation and local road projects.
- j) Fund and construct new infrastructure for education, culture, health, sports, local roads and basic sanitation.
- k) Contribute to the maintenance of secondary and local roads that pass through the municipality.

- l) Respond to the petitions, requests, applications and social control proceedings of the Territorial Base Organizations and the Oversight Committee.
- m) Deal with supplementary food programs, including school breakfasts.
- n) Promote and encourage policies that meet the needs of women in the sphere of the municipal duties mentioned above.

#### **ARTICLE 15. OTHER FUNDS FOR THE PERFORMANCE OF MUNICIPAL DUTIES**

The Executive Office may assign funds that are of internal or external origin or which proceed from credit and international cooperation, to support the exercise by the municipal governments of their powers, provided that they satisfy the conditions and have the counterparts required for their availability.

#### **ARTICLE 16. ELECTION OF COUNCIL MEMBERS**

- I. The second part of Article 13 of the Organic Law of Municipalities is modified so that it will read: “The Council Members will be elected on the basis of the number of inhabitants of the municipalities, with a maximum number of 11, as follows:
  - a) Population no greater than 50,000 inhabitants, five council members.
  - b) For every additional 50,000 inhabitants or fraction thereof, two council members, until the maximum number is reached.
- II. Department capitals will have 11 Council Members.

#### **ARTICLE 17. CANTONAL MUNICIPAL REPRESENTATIVES AND VICE MAYOR**

- I. The Cantonal Municipal Representatives, who are members of the community and residents of that place, will be elected by direct popular vote, and will hold office for the same term as the Council Members, and will have the following powers:
  - a) Assist the rural or urban Territorial Base Organizations of the Canton in exercising the rights and performing the duties established in this Law.
  - b) Perform the duties that are delegated at the Canton level by the Municipal Mayor.
  - c) Be responsible for the demand and the oversight of the Territorial Base Organizations of the Canton pursuant to the rights and duties recognized by this Law.
- II. The urban Vice Mayors will be appointed by the Municipal Mayor as the administrative officials for the District assigned to them and must be residents of this District.
- III. In those places where geographical, socio-cultural, productive or economic unity exists, which may be larger or smaller than a Canton, the Municipal Government will approve the creation of a Municipal District and the appointment of a Vice Mayor.

## **ARTICLE 18. DISTRICTING**

For the purposes of the provision of public services and the identification of the boundaries of Census, Electoral, and Rural and/or Urban Planning Units, the municipal jurisdiction or the association of municipalities is recognized as the Administrative District to which all those public services permitted by that Administrative System must be adapted.

Each district, rural and/or urban jurisdiction will be integrated into the Popular Participation System defined in this Law.

### **TITLE III.**

## **FUNDING FOR POPULAR PARTICIPATION**

### **SOLE CHAPTER**

#### **ARTICLE 19. CLASSIFICATION OF STATE REVENUES**

For the purposes of Article 146 of the National Constitution, state revenues are classified as follows:

A) NATIONAL REVENUES ARE:

1. The Value Added Tax (IVA) [VAT]
2. The Supplementary IVA regiment (RC-IVA).
3. The Estimated Business Income Tax (IRPE)
4. The transaction tax (IT)
5. The special consumption tax (ICE)
6. The Consolidated Customs Duties (GAC)
7. The tax on uncompensated transfer of assets (Inheritances.)
8. The tax on foreign travel departures.

B) DEPARTMENTAL REVENUES ARE:

1. Royalties assigned by law.

C) MUNICIPAL REVENUES ARE:

c.1. Tax on the Estimated Income of Property Owners, including the following:

1. The rural property tax (IRPPB).
2. The urban property tax (IRPPB).
3. The tax on automotive vehicles, motor vessels and aircraft. (IRPPB).

c.2. Licenses and taxes established by Municipal Ordinances pursuant to the provisions of the National Constitution.

**ARTICLE 20. TAX COPARTICIPATION**

- I. Tax Coparticipation means a transfer of funds proceeding from National Revenues and the Public Universities for the exercise of the duties defined by law, as well as for the support of Popular Participation.
- II. 20% of the actual collection of National Revenues defined in Article 19, subparagraph (a) of this Law will be assigned to the Municipal Governments, and 5% to the Public Universities.
- III. The entire amount of the municipal revenues defined in Article 19, subparagraph (c) of this Law belongs exclusively to the Municipal Governments, which are responsible for collecting and investing them in compliance with the Municipal Budget, subject to the tax rules and technical procedures regulated by the Executive Office.

## **ARTICLE 21. DISTRIBUTION OF THE TAX COPARTICIPATION PER INHABITANT**

The tax coparticipation described in the preceding article will be distributed among the Municipalities that are its beneficiaries based on the number of inhabitants of each municipal jurisdiction, and among the public universities that are the beneficiaries, on the basis of the number of inhabitants of the departmental jurisdiction in which they are located.

## **ARTICLE 22. POPULAR PARTICIPATION ACCOUNT**

- I. The Tax Coparticipation intended for the Municipalities will be automatically paid by the National Treasury, by means of the banking system, to the respective Popular Participation Account, in those Municipalities with a population greater than 5000 inhabitants.
- II. Municipalities that do not have a minimum population of 5,000 inhabitants must establish associations to be able to have access to the funds through the account belonging to the association.

## **ARTICLE 23. CONDITIONS FOR TAX COPARTICIPATION**

- I. In order to have access to the tax coparticipation funds that are paid into the Popular Participation Account, pursuant to Article 146 of the National Constitution, the Municipal Governments must produce a Municipal Budget based on their Annual Operating Plan, and must also provide a report on the use of the prior year's budget, pursuant to the provisions of Article 152 of the National Constitution.

- II. In the event that the Municipal Government does not comply with the provisions of this article and the regulations for Administrative and Control Systems established by Law 1178, the Executive Office will file a complaint on this basis with the National Senate for the appropriate legal purposes.
- III. The Municipal Governments must assign at least 90% of the Tax Coparticipation funds for Popular Participation to public investments.

## **ARTICLE 24. POPULATION INFORMATION**

- I. The National Population and Housing [Census] performed in 1992 is the official reference for population.
- II. Starting with the Census to be performed in the year 2000, information relating to population will be obtained every five years from the inter-census demographic survey conducted by the National Institute of Statistics, and by the national Censuses that must be performed every 10 years according to law.
- III. Because of the need for adjustment and correction of the Census that was produced by the National Population and Housing Census of 1992, the next demographic survey will be performed in 1996.

## **TITLE IV.**

### **PUBLIC ADMINISTRATION AND POPULAR PARTICIPATION**

#### **CHAPTER I.**

#### **EXECUTIVE OFFICE**

## **ARTICLE 25°. POWERS OF THE GOVERNOR, SUB-GOVERNOR AND MAGISTRATE**

Within the sphere of their jurisdiction and powers, the Governors, Sub-Governors and Magistrates will promote, coordinate and support Popular Participation, as well as the exercise and performance of the rights and obligations that this law defines for the Territorial Base Organizations and the Executive Office.

## **ARTICLE 26. STRENGTHENING OF MUNICIPAL GOVERNMENTS**

The Executive Office will establish mechanisms for strengthening the administrative management and planning capacity of the Municipal Governments.

## **ARTICLE 27. PARTICIPATION OF THE ARMED FORCES**

Fulfilling their constitutional duty to cooperate in the overall development of the country, the Armed Forces are included in the Popular Participation process pursuant to their Organic Law.

## **CHAPTER II.**

### **REGIONAL DEVELOPMENT CORPORATIONS.**

## **ARTICLE 28. DEPARTMENTAL COMPENSATION FUND**

Regional Development Corporations are to be created for each of the Departments of the Republic in order to achieve the purposes of this chapter.

The Executive Office will regulate their organization and operation.

## **ARTICLE 29. DEPARTMENTAL COMPENSATION FUND**

For those departments that receive less than the national average in

departmental royalties per inhabitant, this article establishes an annual budget compensation for the amount required to attain this average, to be charged to the National Treasury.

### **ARTICLE 30. REGIONAL DEVELOPMENT CORPORATIONS**

- I. Departmental royalties and the funds from the Royalty Compensation Fund established in this Chapter will be administered by the Regional Development Corporations for the following purposes:
  - a. Regional, sub regional and micro-regional planning, in cooperation with the Municipal Governments of the Department and the Ministry of Sustainable Development and the Environment.
  - b. The investments in physical infrastructure, in the social area and the environmental, basic services and highway connections, jointly with the National and/or Municipal Governments, as applicable.
  - c. Strengthening of the management capacity and provision of administrative services for the Municipal Governments.
- II. The Corporations may not perform transfers of funds to third parties, except for projects in the area of culture, research and productive impact which have majority national or international financing.
- III. The Corporations will give priority to using the funds that they administer as the financial counterpart for obtaining more funds intended for better performance of their duties.

- IV. The Corporations may not assign more than 15% of their income to operating costs.

### **ARTICLE 31. BOARD OF DIRECTORS OF THE CORPORATION**

- I. The Board of Directors of the Development Corporations will be composed as follows:
  - a. The Executive President, appointed as provided in the National Constitution.
  - b. Three citizens chosen by the Provincial Section Mayors of the Department.
  - c. Three representatives of the Executive Office proposed by the National Council on Sustainable Development and appointed by a Supreme Resolution.
  - d. The Chairman of the Departmental Civic Committee.
  - e. The Executive Secretary of the Departmental Federation of Peasants.
  - f. The President of the Departmental Federation of Neighborhood Committees.
  - g. A General Manager appointed by the Board of Directors on the basis of a Competitive Exam will attend the meetings of the Board of Directors, with a right to voice.
- II. The directors will have unlimited joint and several personal liability for administrative acts in which they participate.
- III. The directors appointed may not conduct financial, business or commercial activities related to the Corporation, and it will be their responsibility to report to their superiors promptly and no less than once a month.

## **CHAPTER III**

### **EXECUTIVE INSTITUTIONS**

#### **ARTICLE 32. EXECUTIVE INSTITUTIONS**

The Executive Institutions, in particular the National Regional Development Fund, the Peasant Development Fund and the ONAMFA, will give preference among the social organizations that are their beneficiaries to the Territorial Base Organizations, directly or through the Municipal Governments, Governors, Regional Development Corporations, nongovernmental organizations and other intermediaries.

### **GENERAL PROVISIONS**

#### **ARTICLE 33. APPLICATION OF THIS LAW**

This law does not restrict the exercise of the rights of freedom of assembly and petition, nor does it exclude other legitimate forms of Popular Participation that may exist in the national territory.

#### **ARTICLE 34. OTHER INSTITUTIONS OF CIVIL SOCIETY**

Civic institutions and trade, production, religious, labor union, professional and nongovernmental institutions that are represented in the Cantons, Provincial Sections, Provinces and Departments may perform those activities that are consistent with their particular nature, in order to achieve the objectives of Popular Participation.

## **ARTICLE 35. PROVINCIAL COUNCILS FOR POPULAR PARTICIPATION**

Recognition is granted to the Provincial Councils for Popular Participation which effectively incorporate the principles of this Law and systematically include the social institutions, according to the actual situation in each province. The Provincial Councils for Popular Participation will be linked with the corresponding public authority in a consultative capacity in order to contribute to provincial development.

## **ARTICLE 36. EXEMPTION FROM PAYMENT OF TAXES**

The provisions of Law 1305 of February 13, 1992, referring to the exemption of Indigenous and Peasant Communities from payment of the rural property tax, are maintained.

## **ARTICLE 37.**

The National Government will assign, on the basis of priority, funds of internal or external origin to the most depressed regions or those with the lowest population density, in order to gradually reduce the historical differences in relative development.

## **ARTICLE 38. NULLIFICATION AND REVOCATION**

- I. The following laws are to be nullified: Law 1399 of December 15, 1992; Law 1113 of October 19, 1989.
- II. Decree Law 15307 of February 9, 1978 is nullified.
- III. Articles 56, 57, 63, 68 and Title IX of Law 843 of May 20, 1986 are revoked.

## **ARTICLE 39. EFFECTIVENESS.**

- I. This Law will enter into effect starting with the first day of the month

following its publication.

- II. With respect to its financial aspects, the Law will enter into effect upon the issuing of the regulations for that purpose.

## **TEMPORARY ARTICLES**

### **ARTICLE 1. (PLACEMENT OF THE FUNDS)**

- I. The funds assigned to a Provincial Section without an established Municipal Government will be accumulated so that they may be used when a Municipal Government comes into existence.
- II. In the Provincial Sections where there is not yet an established Municipal Government and for the purposes of using the financial transfer assigned to them, the Territorial Base Organizations of the jurisdiction may request the formation of a Municipal Association with another Municipal Government.

### **ARTICLE 2 (TRANSFER OF WORKS AND PROJECTS)**

- I. Public works projects that are the responsibility of the municipality and were performed by the Regional Development Corporations will be transferred to the Municipal Governments, together with the international financing and liabilities for the portion of the work or project still to be performed, if any.
- II. Those Regional Development Corporation projects and works which, for technical and/or financial reasons determined by the National Public Investment System, cannot be transferred to the municipalities will remain the responsibility of the Corporations in order to prevent delays in their execution.

- III. The projects of the Regional Development Corporations that are in the phase of approval by the National Regional Development Fund and are the responsibility of the municipalities will be the subject of an agreement between the Municipal Governments and the Corporations in order to determine the form in which the two institutions will share the execution and technical-financial participation in the project.

### **ARTICLE 3. (PERFORMANCE OF OBLIGATIONS).**

The works and projects in the process of execution by the Regional Development Corporations, prior to and outside of the form provided by this law, will be analyzed individually under the National Public Investment System.

### **ARTICLE 4. (REORGANIZATION).**

The Regional Development Corporations will restructure their organizational and administrative structure to reflect the new legal framework and the Supreme Decree that will be issued by the Executive Office to that effect.

### **ARTICLE 5. ADMINISTRATION OF TAXES ON URBAN REAL ESTATE, VEHICLES AND RURAL PROPERTY.**

- I. Until such time as the municipalities perform the tax appraisals that replace the self appraisal of urban real estate, the procedure described in Article 6 of Supreme Decree 21458 of November 28, 1986 will be maintained.

- II. For the determination of the taxable base for automotive vehicles, motor vessels and aircraft, the procedure described in Article 7 of Supreme Decree 21458 of November 28, 1986 will be maintained.
- III. Until the 1995 tax year, the General Internal Revenue Office will be responsible for collecting these taxes, and will not be affected by the new distribution system established in this law. During this period, the aforementioned Office will train and transfer the collection of these taxes to those Municipal Governments that have the administrative capacity.

#### **ARTICLE 6.**

(Suspension of Territorial Procedures) The creation of new Provincial Sections and Cantons is suspended until January 1, 1996.

#### **ARTICLE 7.**

- I. The Municipal Governments and Council Members elected in the municipal elections of December, 1993, but whose population, for the purposes of this Law, is included in that of other municipalities, shall maintain their positions until the conclusion of their term on this one occasion only.
- II. For the 1994 1995 tax years, the populations that were classified as Provincial Capitals will receive the coparticipation funds on the basis of the number of inhabitants in the Cantons where they are located.

III. The plans and programs approved by the Municipal Council of the population in reference must be coordinated with and adapted to the Municipal Council to which it will be subject after January 1, 1996.

Refer to the Executive Office for the constitutional purposes.

Meeting chambers of the National Congress

La Paz, April 20, 1994.

I hereby promulgate this law so that it may be accepted and complied with as a Law of the Republic.

Government Palace, City of La Paz, April twenty, nineteen hundred and ninety four.