

## Commercial Rates and the Funding of Local Authorities

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### Key Point

Income from commercial rates has increased by €137m (10%) between 2008 and 2015. This is in a period of little or no inflation. Rates income in 2015 was €1.5 billion, up from €1.4 billion in 2008. Reliance on commercial rates increased from 26% of revenue in 2008 to 37% in 2015. At least part of this increase is due to the reduction in Government grants arising from a transfer of functions, such as water services and third level support grants, from local authorities to other agencies.

### Context

The levying and collection of rates are matters for each individual local authority. Rates are assessed on the valuation of immovable property such as buildings, factories, and shops. The Annual Rate on Valuation (ARV), which is applied to the valuation of each property, to obtain the amount payable in rates, is decided by the elected members of each local authority in their annual budget.

### Commercial Rates Revenue

Local authorities derive a significant proportion of their income from local sources such as commercial rates, and other goods and services such as housing rents, parking fees and environmental services. Revenue from commercial rates from 2008 to 2015 is shown below.

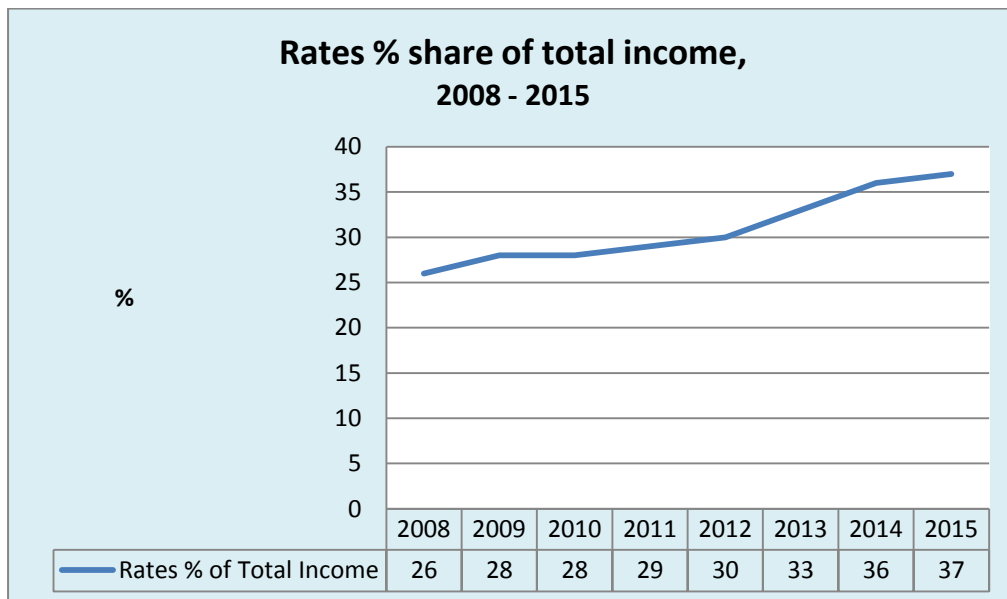
**Table 1 – Commercial Rates Revenue €bn, 2008 – 2015**

	2008	2009	2010	2011	2012	2013	2014	2015
<b>Commercial Rates</b>	1,358	1,409	1,430	1,450	1,497	1,494	1,500	1,496*

(Source: Amalgamated Annual Financial Statements (AFS) \*Note: 2015 AFS audits to be completed)

Commercial rates revenue has increased by 10.1% or €137m between 2008 and 2015. Revenue has remained stable at circa €1.5bn over the last five years. As a percentage of total revenue income, commercial rates have increased significantly in recent years. See table 2.

**Table 2**



(Source: Amalgamated Annual Financial Statements AFS \*Note: 2015 AFS audits to be completed)

The increasing demand on commercial rates to fund local government can be partly attributed to a 62% decrease in income from central government grants and subsidies between 2008 and 2015.

### Percentage of Total Revenue Income

In 2015, commercial rates accounted for more than a third of total revenue income in twelve local authorities. South Dublin has the highest share at 59%, while Leitrim has the lowest at 15%. Table 3 ranks commercial rates revenue as a share of revenue income in all 31 local authorities.

**Table 3 – Commercial Rates, % Share of Total Revenue Income in 2015**

Rank	Local Authority	Total Revenue Income €m	Rates €m	% of Total Revenue Income
1	South Dublin	208	123	59%
2	Fingal	213	120	56%
3	Dún Laoghaire Rathdown	162	82	51%
4	Galway City	73	35	49%
5	Dublin City	769	336	44%
6	Cork City	150	65	43%
7	Cork	302	127	42%
8	Clare	104	42	41%
9	Kildare	149	58	39%
10	Louth	92	33	36%
11	Wicklow	89	30	34%
12	Kerry	125	41	33%
13	Meath	105	33	32%
14	Limerick	165	52	31%
15	Wexford	104	31	30%
16	Carlow	51	14	28%
17	Waterford	121	33	28%
18	Offaly	58	15	25%
19	Kilkenny	73	18	25%
20	Westmeath	66	15	23%
21	Cavan	58	14	23%
22	Donegal	133	31	23%
23	Galway	111	26	23%
24	Tipperary	138	31	23%
25	Monaghan	57	13	22%
26	Laois	57	13	22%
27	Sligo	64	13	21%
28	Roscommon	57	11	19%
29	Longford	41	8	19%
30	Mayo	134	26	19%
31	Leitrim	34	5	15%
	<b>Total</b>	<b>4,065</b>	<b>1,496</b>	<b>37%</b>

(Source: Audited and Unaudited AFSs 2015)