

Municipal Law

Law No 5393, dated 03.07.2005

(Official Gazette Nr. 25874, dated 13.07.2005)

FIRST SECTION General Provisions

FIRST CHAPTER Object, Scope, Definitions

Object

ARTICLE 1- The object of this Law is to regulate establishment, organs and management of municipalities as well as working procedures and principles, functions, powers and responsibilities of the same.

Scope

ARTICLE 2- This Law covers the municipalities.

Definitions

ARTICLE 3-The terms listed below shall have the following meanings wherever they are used in this Law;

- a) **Municipality:** A corporation established in the statute of public legal entity having powers of self-government (autonomous) both administratively and financially, to meet the local and common requirements of the county inhabitants and the decision maker of which is elected by the electors.
- b) **Municipal organs;** Municipal Council, Municipal Committee and Mayor
- c) **County;** Any settlement area with municipality
- d) **Parish;** An administrative unit within the municipal boundaries where people live together in neighbourly relations and have similar needs and priorities.

SECOND CHAPTER Establishment of Municipalities and Boundaries

Establishment

ARTICLE 4- Municipality can be established in the settlement areas where the population is 5,000 and above. It is mandatory to establish Municipal Corporation in the provinces and districts.

It is not allowed to establish municipality in the drinking and utility water basins and other places under environmental protection and settlement areas at less than 5,000 meters distance from the municipal boundaries.

In order for the villagers to establish municipalities through incorporating various quarters of villages, the inhabited area shall be at most 5,000 meters away from the central administrative unit and the total population should be 5,000 or above.

Where it is decided by the board of aldermen of one or more than one village or an application is made in writing to the territorial government by at least one half of the electors plus one, or where it is deemed necessary by the governor; upon notification of the governor, the local election committees shall collect the votes of the electors registered in the villages or quarters within fifteen days and report the results to the governor's office with an official report.

The file proceeded shall be sent to the Ministry of Interior together with the remarks of the governor. The municipality shall be established in that place upon receipt of approval of the State Council under a joint decree.

Upon proposal of the Ministry of Interior, a municipal corporation can be established in a new settlement area with a population 5,000 or above, under a joint decree.

Demarcation of boundaries

ARTICLE 5- Boundaries of a newly established municipality shall be determined within six months as of the date of establishment in the following manner;

- a) The areas such as agricultural fields, wine yards, gardens, fields, meadows, pastures, summer pasturages, and the land covered with olive and oak trees, and bush-wood, as well as sea sides and beaches shall be included within the municipal boundaries;
- b) It is a basic rule to consider the fixed points such as river, hillside, road etc. as the line of demarcation during determination of the municipal boundaries;
- c) The rights of the villagers and the inhabitants of the neighboring counties traditionally benefiting from the pasturages, meadows, woody land, fountainhead and places of excursion within the municipal boundaries shall be reserved. An annotation shall be put in the demarcation report for these rights.
- d) The known names of the demarked points shall be noted in the demarcation report. Additionally, the sketch prepared by the authorized cadastre official shall be attached to the demarcation report.

Finalization of Boundaries

ARTICLE 6- The municipal boundaries shall be finalized with approval of the chief executive officer of the province (governor) upon the decision of the Municipal Council and receipt of appropriate opinion of the county governor.

The boundaries, the demarcation of which is completed shall be shown on the spot and a report containing the details shall be prepared by the concerned parties. One copy of the decision and documents indicating the borderline shall be sent to the

municipality, the local land registry office, special provincial administration (local government) and territorial governor.

The boundaries, which are finalized by this way, shall not be changed for a period of five years unless there is an imperative reason.

Resolution of disputes related to boundaries

ARTICLE 7- In case of dispute between a county and village(s) within the provincial territory, the opinion of the Municipal Council, village aldermen and the local governor shall be referred to by granting a response period of thirty days. The Governor is the authority to decide on the dispute or where a boundary is ought to be, upon review of the declared opinion.

The opinion of Great City Municipal Council shall be deemed necessary in the disputes seeking change of district and sub-municipal boundaries within the boundaries of Great City Municipality.

The provisions of Province Administration Law Nr. 5442 shall be applied in the disputes which require change of boundaries of a province or district.

Incorporation and Joining

ARTICLE 8-

In order for county, village or certain parts of these places to join another county, the distance between the inhabited areas of these places and the county to be joint shall be 5.000 meters or less.

In case a residential area of a county or village, or their parts are incorporated into a residential area of a neighboring county, or in case the distance between these places decreases below 5.000 meters and more than one of the half of the electors residing in these places apply for joining another county, voting shall be made related to this application in village, county or parts hereof willing to join, without applying to votes of the inhabitants of the county to be joined. If the voting result is positive, the document related to the application shall be sent to the joined municipality by the Governor. The Municipal Council shall be expected to declare its decision on such application within thirty days as of the receipt of the said document. Joining shall be realized upon approval of the Municipal Council. Incorporation and joining in great cities shall be determined in the great city municipality council upon opinion of municipal council of the county to be joined or the sub-municipality. Article 6 shall be referred to for the new boundary which is formed by joining and the Ministry of Interior shall be notified of the result.

It is a basic principle not to lower the population of the country below 5.000 while incorporating certain parts of a county into a neighboring county or while establishing a new county or village.

In order to establish a county through separation in places where there is great city municipality, population of the county should not decrease below 100.000 and population of the county to be established shall be not less than 50.000.

In joinings realized pursuant to this article, a protocol is prepared between the joining county or its parts and the joined village or county, to contain the details related to transfer and distribution of movable and immovable property, rights, claims, debts.

The provisions of article 4 shall be applied in the transactions which involve incorporation and joining, but are not covered under this article.

Parish of a county and its administration

ARTICLE 9- A parish is administered by local governor(mukhtar) and board of aldermen.

Formation, dissolution, joining, division, demarcation or change of boundaries of a parish within municipal boundaries shall be subject to the approval of the governor upon decision of the Municipal Council and appropriate opinion of county governor.

The chief aldermen shall be committed to determine common requirements of the inhabitants with the participation of the volunteers, to improve the living standards of the parish, and to carry on relations with the municipality and other public institutions and corporations, as well as to declare opinion on the matters which concerns the parish, to cooperate with the other institutions and to perform the other duties conferred upon by the laws.

The municipality shall render the necessary support and assistance in kind to meet the requirements of the parish and the board of aldermen, shall consider common needs of the inhabitants in its decisions, ensure performance of services in line with the requirements of the inhabitants of the parish.

Change of county's name

ARTICLE 10- The name of a county can be changed only with the approval of the Ministry of Interior upon decision of majority (3/4) of the members taking part in the Municipal Council, subject to the appropriate opinion of the governor.

Termination of legal entity status

ARTICLE 11- Where deemed necessary pursuant to the development plan and infrastructure services, the legal entity status of the municipalities and villages, which

become closer (less than 5.000 meters) to the provincial boundaries or municipal boundaries with population 50.000 and above, shall be abrogated and the municipality or village shall be incorporated into the province or district municipality upon proposal of the Ministry of Interior, through publication of a joint decree in the direction of the opinion of the Supreme Council. The parishes of the municipality, which is no longer in the status of legal entity, shall become the parishes of the incorporated municipality. Additionally, the movable and immovable properties, rights, claims and debts of the municipality and village declared to be non-legal entity, shall be transferred to the municipality joined in.

The municipalities with population less than 2.000 shall be transformed into a village under a joint decree upon proposal of the Ministry of Interior and receipt of the appropriate opinion of the Supreme Council. The liquidation of the municipality declared to be non-legal entity shall be performed by the special provincial administration (local government). The movable and immovable properties, rights, claims and debts of this municipality shall be transferred to the related village legal entity. The non-coverable portion of the debts shall be undertaken by the special province administration and be notified to İller Bank (Provincial Bank) by the Governor. This amount shall be deducted from the portion allocated for the municipalities from the total tax income recorded in the general budget of the following month and transferred to the account of the special province administration by İller Bank.

Enforcement of decisions and determination of population

ARTICLE 12-

Article 12-The decisions mentioned in articles 4, 6, 7, 8 and 9 shall be put into force on the first day of January, following the finalization of these decisions. In the places where a municipal corporation is established according to Article 4, elections shall be made pursuant to article 29 of the Law Nr. 2972 related to Election of Local Administrations, Parish Administrations and Board of Aldermen.

The decisions related to incorporation and joining mentioned in Article 8, abrogation of parish administration mentioned in Article 9, abrogation of legal entity status of a municipality or village mentioned in Article 11, or transformation of a county into a village, shall be applied in the first elections of local administration and the elections shall be made according to the new status of these places.

The populations of the settlement areas shall be determined by the Directorate of State Statistics Institute in consideration of the relevant provisions of this Law.

Law related to Fellow-citizenship

ARTICLE 13-Everyone is a fellow-citizen of the county which he lives in. The fellow-citizens shall be entitled to participate in the decisions and services of the municipality, to acquire knowledge about the municipal activities and to benefit from the aids of the municipal administration. It is a basic principle to extend aid without hurting human feelings.

The municipality shall perform necessary activities to improve the social and cultural relations between the fellow-citizens and to preserve cultural values. While performing these activities, it shall take measures to enable participation of the universities, proficiency groups in the status of public institution, trade unions, non-governmental organisations and experts.

Each person, who is settled or domiciled within the municipal boundaries or has relation with the fellow-citizens, shall be liable to obey the decisions, orders and notifications of the municipality based on laws, and to pay his portion of taxes, levies, duties, support and participation shares.

THIRD CHAPTER

Functions, Powers and Liabilities of Municipality

Functions and liabilities of municipality

ARTICLE 14- The municipality can undertake the following works to serve a common purpose;

- a) Providing services of urban infrastructure such as development of the region, water and sewage system and transportation; geographical and urban data systems; environment and environmental health, cleaning and solid waste; security forces, fire brigades, emergency aid, relief services and ambulance; city traffic; funeral and cemetery services; forestry, parks and green areas; housing, cultural and artworks, tourism and presentation, youth and sporting activities; social and aid services; marriage ceremonies, professional trainings; and services aimed at development of economy and commerce. The Greater City Municipalities and the municipalities having population more than 50.000 shall open houses for women and children welfare.
- b) Opening of pre-elementary school education centers; maintenance and repair of school buildings belonging to the Government; procurement of all kinds of equipment/material for this purpose; opening and operation of health facilities; protection of cultural and natural resource and places having historical value; repair and maintenance of such places; reconstruction of those ruined same as original. In case of need, providing equipment and support to students and amateur sports clubs, arranging amateur sports matches, giving awards upon decision of municipal council to sportsmen who have been successful in matches performed home or abroad or who have received a degree in matches. Being engaged in food banking.

The municipalities may undertake other duties and services which are not delegated to the other public institutions and corporations by the laws.

The priority of services shall be determined in consideration of the financial state of the municipality and the urgency of service.

The municipal services shall be rendered in the most appropriate manner at the places nearest to the citizens. It is a basic principle to adopt a procedure most suitable for the disabled and old people as well as for those in destitute and with limited income.

The duties, responsibilities and powers of the municipality shall be limited to the municipal boundaries.

Municipal services may be provided at contiguous places upon decision of the municipal council.

Provisions of the Law Nr. 4562 For Organized Industrial Zones shall be reserved.

Powers and privileges of the Municipality

ARTICLE 15- The powers and privileges of the municipality are as follows;

a) To carry out all kinds of activities and venture in order to meet the common requirements of the inhabitants of the county.

b) Within the limits of authority conferred upon the municipality by the laws, to publish regulations, to give orders, to take and to implement restrictive measures, to impose the punishments defined in the laws.

c) To grant the permissions and to issue the licenses deemed necessary in the laws for the real persons and legal entities.

d) To impose, assess and collect the taxes, duties, levies, support and participation shares due to the municipality pursuant to the special laws; to undertake assessment and collection of the amounts payable according to the provisions of the special law excluding the taxes, charges and levies against the services such as natural gas, water, waste water.

e) Without prejudice of the vested rights; to supply utility and industrial water; to enable disposal of waste water and rain water; to construct or let others to construct and operate plants for such purposes; to enable the facility of benefiting from spring waters, or to let others to undertake operation of spring waters.

f) To engage in public transport activities; to establish and operate all kinds of public transport facilities including procurement of bus, sea and water carriers and construction of tunnels and railway system.

g) To render all kinds of services related to collection, transportation, decomposition, recirculation, removal and storage of solid wastes.

h) In order to perform the locally required public services, to acquire, immovable property within the municipal boundaries and contiguous areas, to deal with expropriation, sale, lease, exchange, allocation of the same; to institute limited real rights on this property.

- i)** To borrow loans and to accept donations.
- j)** To build, operate wholesale and retail sale markets, bus terminals, exhibition centers, slaughterhouses yacht harbors and, quays according to the relevant legislation and to give permission to the real persons and legal entities to do the same.
- k)** Excluding those related with taxes, levies and charges, to make agreements for amicable settlement of the disputes subject to claim .
- l)** To issue license for non sanitary institutions, public resorts and entertainment places and to control the same.
- m)** In order to improve and take under control regional economy and commerce, to restrict the activities of the street sellers who work without license; to transfer the foodstuff confiscated by the municipality to the nutrition banks if not taken back within two days against payment of fine; to distribute the other stuff to the people in destitute if not taken back within thirty days against payment of fine.
- n)** To bring standards to the bill boards and introductory door-plates.
- o)** To assemble non sanitary workplaces, entertainment places and other workplaces that have an effect on public health and environment in a certain part of the city, to determine excavation and debris disposal areas; storage areas for liquified petroleum gas (LPG); storage and marketing areas for construction material, wood, coal and scraps: to take the necessary measure in order to avoid environmental pollution during transportation of the same.
- p)** To determine all kinds of vehicles and mass transportation vehicles operated on land, sea, water and rail as well as the number of cabs, ticket prices and tariffs, schedule and route; to determine, operate, rent out wayside stations and parking places for vehicles on highway, land, road, street, square and similar places or let the same be operated; to carry on all of the work required by traffic regulation provided by the laws to the municipalities.

Licensing and control of first class non-sanitary institutions mentioned in paragraph (1) shall be undertaken by the special province administration in places outside the boundaries of great city municipality and central provincial municipality.

Pursuant to decision of the Ministry of Interior and based on appropriate opinion of the Supreme Council, the municipalities may transfer the services mentioned in paragraphs (e), (f) and (g) for a period not exceeding forty-nine years by granting franchise; the municipalities may undertake mass transportation services either by issuing licenses or by renting out mass transportation lines or purchasing service according to the principles set-forth in Article 67, provided that this may not constitute a privileged right or monopoly.

Under the decision of the council, the great city municipalities within the provincial boundaries, municipalities within the boundaries of province and contiguous areas the population of which is above 10.000, may undertake, gratuitously or against payment, infrastructure works of the tourism, health, industrial and commercial investments and educational institutions, such as supply of water, thermal water, natural gas, electricity and construction of sewage system, roads etc. for a period of ten years without charging any interest; or may assign others to render these services; or may participate in the plants constructed for this purpose; or may allocate land, gratuitously or at a low price, for the projects aimed at promoting health, educational, social and tourism services subject to the approval of Ministry of Interior.

The municipality may engage in popular vote or public research activities to find out the opinion of the inhabitants of the county.

Those who commit offence against the municipal property shall be assumed to have caused damage to the State property. The provisions of article 75 of the Public Procurement Law Nr. 2886 shall also be applied to immovables of municipality .

The income obtained by the municipality through indebtedness on project basis, conditional donations, the properties physically used in public services and taxes, levies and charges collected by the municipality shall not be subject to attachment proceeding.

Exemptions granted to the municipalities

ARTICLE 16- The immovable property of the municipality used in public services or for public benefit without expectation of income as well as utilization and construction works of the same, shall be exempted from all kinds of taxes, levies, charges and participation and support shares.

SECOND SECTION

Municipal Organs

FIRST CHAPTER

Municipal Council

Municipal Council

ARTICLE 17- Municipal Council is the decision making organ of the municipality and is formed by the members selected according to the principles and procedure set-forth in the relevant law.

Functions and powers of the Municipal Council

ARTICLE 18- Following are the functions and powers of the Municipal Council;

- a) To discuss and approve the strategic plan, investment and work programs, activities of the municipality and performance scale of the personnel.

- b) To approve the budget and final accounts, to make transfers in the budget between the units subject to corporate coding and first levels of functional classification.
- c) To discuss and approve the development plans of the municipality; to approve the environmental development plan for the great city municipality and the provincial municipalities.
- d) To decide on indebtedness of the municipality.
- e) To decide on sale, purchase, exchange, allocation, alteration of allocation method of immovable property or removal of allocation whenever immovable property is deemed unnecessary in public services; or renting out immovable property more than three years and instituting limited real rights on these property for a period not exceeding thirty years.
- f) To determine the price tariff for the voluntary services which are not subject to collection of tax, levy, charges or participation share pursuant to the laws.
- g) To accept conditional donations.
- h) To decide on amicable settlement, accepting and renunciation of the claims of the municipality the amount of which is above five thousand YTL, excluding taxes, levies and charges.
- i) To decide on incorporation of enterprises within the scope of budget and partnerships subject to Turkish Commercial Code; or to give approval for dissolution of these partnerships, capital increases and establishment of real-estate investment partnerships.
- j) To decide on granting of franchise on behalf of municipality, realization of investments by the municipality on built-operate or built-operate-transfer basis; privatization of the companies, enterprises and participations of the municipality.
- k) To elect the chairmanship council, board members and the specialized committees.
- l) To assign, cancel and alter the positions of the personnel employed by the municipality and the associated institutions according to adopted norms.
- m) To approve the regulations to be published by the municipalities.
- n) To name the squares, streets, roads, parks, premises and similar others, to approve formation, dissolution, incorporation of parishes, and to determine or change the boundaries of the same; to approve the logos, pennons and similar other means used by the municipality for promotional purposes.
- o) To decide on formation of unions with other parish administrations, to join or depart from the existing ones.
- p) To decide on establishment of cooperation with the local and foreign municipalities with the permission of the Ministry of Interior; institution of urban fellow-citizenships; organization of activities and development of projects in cultural and sporting field in order to promote the economical and social relations; allocation of land and construction, rent of buildings and facilities for this purpose.
- r) To issue honorary fellow-citizenship certificate.
- s) To take decision for resolution of the disputes between the mayor and the member of municipal committee.

- t) To decide on extension of municipal services to the contiguous areas.
- u) To discuss and approve the construction plans of the municipalities, which are prepared in compliance with the development plan.

Chairmanship Council

ARTICLE 19-The Municipal Council shall convene spontaneously on the fifth day following the announcement of the election results under the chairmanship of the mayor. In this meeting, the Council elects by balloting first and second vice chairman and at least two clerical members to serve during the first two years. The Chairmanship Council to be elected upon expiry of first two years shall hold office until the first local elections.

The election of chairmanship council is completed within three days.

In case of absence of the mayor in the Council meeting, the first vice-chairman shall substitute his place; in case of absence of the latter, the second vice-chairman shall chair the meeting. However, the Council shall hold the meeting during which the annual activity report is discussed under the chairmanship of the vice-chairman.

New member shall be nominated in case of vacancy in Chairmanship Council to serve during the remaining period.

The Chairman of the Council shall be liable to ensure orderly performance of duties by the members. The principles and procedures related to operations of the Council and quorum shall be adapted in a regulation to be published by the Ministry of Interior.

Meetings of the Council

ARTICLE 20-The Municipal Council shall hold its meeting during the first week of each month, at a previously specified date.

The Council may suspend working on days of official holidays. Municipal council may take a decision of holiday each year for one month.

The duration of the meeting coinciding with budget negotiations shall at most be twenty days, whereas for other meetings, this period is specified as at most five days.

In cases where it is decided by the chairman of the Council to hold the meeting at a place other than the usual place of meeting within the municipal boundaries, a notification shall be sent to the members informing the change of meeting. Also, the date and place of meeting shall be announced to the inhabitants of the county in the regular manner.

The meetings of the Council shall be open to public. Upon justified proposal of any one of the members, the Council may agree to hold a close session with the approval of absolute majority of the members attending the meeting.

The discussions taken place in the meeting shall be recorded in the minutes by the persons assigned to carry out such duty. The minutes of meeting shall be signed by

the chairman and the members performing the duty of clerk. Audio-visual recording of the meetings can also be made pursuant to the decision of the Council.

Agenda

ARTICLE 21-The agenda of the meeting shall be determined by the Mayor and notified to the members at least three days before the meeting. Also, public announcement shall be made through various means.

The mayor or members of the Council may propose inclusion of other subjects in the agenda related to the operations of the municipality at the first meeting each month. This proposal shall be included in the agenda if approved by absolute majority of the attendees.

Offers of the members and issues on the agenda other than development issues and annual budget may be adjudicated through discussion of municipal council upon approval of the absolute majority of the attendees, without referring to the commissions.

Meeting and Quorum

ARTICLE 22- The Municipal Council shall convene with the absolute majority of the entire members and take its decisions with the absolute majority of the attendees. However, the quorum required to take decision shall not be less than one fourth of the entire number of the members. In case of equal division of the votes, the chairman shall have the casting vote. In case of equal division of the votes during balloting, the voting shall be repeated and if the result is still the same, then the chairman shall draw lots.

If the meeting convenes with narrow margin, the chairman shall adjourn the meeting by fixing the date and hour of the next meeting to be hold latest within three days. The quorum of the next meeting shall not be less than one fourth of the entire members.

The provisions of second subsection shall be applied if it is determined during the inspection to be made upon request of the chairman or any one of the members that the quorum is not formed in the meeting.

The members shall use their votes personally. The members, who are physically not able to participate in the balloting, shall be entitled to use their votes by appointing a proxy.

The voting can be made by balloting, hand voting or calling names. The voting shall take place by declaring approval, rejection or abstention.

The decisions shall be signed by the chairman and the members acting with the capacity of clerk and distributed to the members during the next meeting.

Finalization of the decisions passed by the Council

ARTICLE 23-The decisions of the Council, which are determined to be contrary to the laws, may be returned to the Council by the Mayor within five days for re-negotiation.

The decisions not worthy to be re-discussed and those approved upon insistence of the absolute majority shall be finalized accordingly.

The Mayor may apply to administrative court within ten days against the decisions which are finalized upon insistence of the Council.

Upon finalization of the decisions taken by the Council, a brief announcement shall be sent to the territorial government within seven days. The decisions which are not sent to the territorial government shall not be enforced.

The chief of the territorial government may apply to administrative court against decisions that are found to be contrary to the laws.

Summary of the finalized decisions of the council shall be announced to public within seven days through appropriate means.

Specialized Committees

ARTICLE 24- The Municipal Council may form specialized committees comprising at least three, at most five persons to be selected among its members. The term of the committee not to exceed one year shall be mentioned in the same council decision.

The specialized committees shall be formed in proportion of number of members held by each political party and independent members in the Council to the absolute majority of the entire members in the municipal council. In the provincial and district municipalities and also in municipalities with population more than 10,000, committees shall have to be formed to deal with planning, budgeting and development activities.

Following the meeting of the Council, the development committee shall finalize the tasks conferred upon within latest ten business days, whereas other committees shall be required to perform their duties within five business days. In case the committees fail to present their reports to the Council at the end of this period, the subject shall be directly put on the agenda by the chairman of the Council.

The works within the competence of these specialized committees shall be presented to the Municipal Council to reach final decision after being discussed in these committees.

The executive officer of parish (mukhtar) and the executives of the public institutions in the provinces, proficiency groups in the nature of public entity, universities, trade unions and representatives of the non-governmental organizations may participate in the meetings of the specialized committees where the subjects within their field of activity and competence are discussed and may declare their opinion. However, they shall not be entitled to give vote during these meetings.

The committee may provide consultancy service from the experts during the studies. The reports of the committee shall be accessible and announced to public by various means and supplied to those who are willing to have these reports by the municipal board in return for payment of price not to be more than its cost.

Auditing Committee

ARTICLE 25-The provincial and district municipalities and the municipalities with population more than 10,000 may form an auditing committee comprising at least three, at most five persons to be selected among their members by way of balloting for auditing of the income and expenditure, accounts and transactions of the municipality during the previous year, at meeting to be realized each january. The auditing committee shall be formed in proportion of number of members hold by each political party and independent members in the Council to the absolute majority of the entire members in the municipal council.

This committee shall carry out its activities at an office indicated by the Mayor and may provide support from the personnel of the public institutions and experts and specialized corporations for realization of these activities.

The fees payable to the experts or specialized corporations are determined by the Municipal Council.

A daily payment shall be made which is to be determined by the municipal council not to exceed the amount to be found by multiplying indicator numbers of (3000) for experts appointed for the meetings of auditing committee in great city municipalities, (2000) in other municipalities and (1000) for those appointed outside public institutions and establishments, by monthly coefficient applied to government officials. The number of people and days related to appointment under the command of auditing committee shall be determined by the municipal council. The qualities to be looked for in the experts shall be regulated in the regulation related to working of municipal council.

The auditing committee may request all kinds of information and documents from the divisions and subsidiaries of the municipality. These requests shall be met without any delay.

The committee shall complete its studies within forty five days and submit its report to the chairman of the Council latest until the end of march.

The chairman of the Council shall be entitled to notify the authorized bodies of the subjects which constitute offense.

Means of access to information and auditing

ARTICLE 26-The Municipal Council shall exercise powers of obtaining information and performing auditing duty through assessment of activity report, auditing committee and by directing inquiries and motions and resuming general negotiations.

The members of the Municipal Council may ask verbal or written questions to the chairmanship of the Council about the activities of the municipality by bringing proposals.

The questions shall be answered verbally or in writing by the Mayor or by the person assigned by him.

Start of general negotiations may be requested by at least one third of the Council members on the matters related to the operations of the municipality. This proposal cannot be put on the agenda unless accepted by the municipal council.

If the clarifications given in the activity report of the previous year are found insufficient by the three fourths of the entire number of Council members, then this fact recorded in the minutes shall be submitted to the territorial governor by the vice-chairman of the Council.

The governor shall send this file to the State Council by declaring his own opinion.

If the decision declaring the activities of the municipality insufficient is found appropriate by the State Council, the mayor shall be dismissed from office.

A motion may be directed to the mayor with the signature of at least one third of the entire number of Council members. The motion can be put on the agenda by the votes of absolute majority of the entire number of Council members and may only be discussed after lapse of three full days.

The motion shall be finalized according to fourth subsection.

The cases where the Chairman and members of the Council are excused from participating the negotiations

ARTICLE 27-The Chairman and members of the Council shall not participate especially in the negotiations during which the matters related to second degree blood and affinity relatives are discussed.

The liabilities of the Chairman and members of the Council

ARTICLE 28-The Mayor may not engage, directly or indirectly, in brokerage or representation activity or enter into contract with the municipality or its subsidiaries during the office period or subsequent two years. As for the Council members, this period is specified as office period plus subsequent one year.

Termination of membership in the Council

ARTICLE 29-The membership in the Council shall spontaneously terminate upon decease or resignation of the member. The member shall submit the resignation letter to the Mayor to be presented to the acknowledgment of the municipal council.

The membership of any member, who fails to participate in the meetings for three consecutive days or half of the meetings held in a year without legitimate reason or excuse, shall be cancelled subject to the decision of the absolute majority of the entire number of members by referring to the defense of the absentee.

In case of loss of qualifications required for nomination to membership, the Supreme Council may decide on cancellation of membership upon notification made by the Governor.

Dissolution of the Municipal Council

ARTICLE 30-The Municipal Council is dissolved by the decision of State Council upon notification made by the Ministry of Interior ;

- a) if it fails to perform the duties conferred upon by the Law and if this situation leads to a pause or delay in the works of the municipality
- b) if it takes decisions on political issues not related to the duties of municipality

If it deems necessary, the Ministry of Interior shall also request postponement of the meetings until a decision is made, with a notification related to dissolution of the council. The State Council shall adjudicate this issue within one month at the latest.

New council nominated in case of dissolution of the council in this way shall serve during the remaining period.

Performing the remaining duties of dissolved council

Article 31-

- a) If the Supreme Council decides on dissolution or postponement of meetings of the Council,
- b) If more than one half of the entire number of the members are arrested,
- c) If the entire number of Council members drops down to half after substitution of alternate members,
- d) If the activities are suspended for a definite time,

The duties of the municipal Council shall be performed by the official members of the municipal committee until the Council becomes operative again or the election is renewed.

Attendance fee and leaves

ARTICLE 32-The chairman and members of the Council shall be paid an attendance fee on daily basis for each meeting they have participated; the amount of fee is determined by the Council. This fee may not exceed one third of the daily amount of the monthly gross wage payable to the Mayor pursuant to Article 39. The number of days subject to payment of attendance fee may not be more than the number of meeting days declared in articles 20, 24 and 25. More than one attendance fee for the same day shall not be paid to the members of the council.

The Council members shall be regarded absent with permission during the illness period. Additionally, the Council may grant leave to the members upon excuse provided that this absence period may not exceed half of the meeting period in a year.

SECOND CHAPTER
Municipal Committee

Municipal Committee

ARTICLE 33-The Municipal Committee comprises of;

- a) In the provincial municipalities and municipalities with population more than 100.000; seven members **three of whom are** to be elected each year by balloting among the members of the municipal council and **two members** to be nominated each year by the Mayor among the heads of units and among the chief of financial services,
- b) In other municipalities, five members, **two of whom are** to be elected each year among the members of the municipal council to serve for a period of one year and **one member** to be nominated each year by the Mayor among the heads of units and among the chief of financial services.

In the meetings held in the absence of Mayor, the vice-chairman or the Committee member to be appointed by the Mayor shall preside at the Committee.

The head of relevant units may be invited to the meeting by the Mayor to declare opinion on the subject in the agenda, without having the right of casting a vote.

Functions and powers of the Committee

ARTICLE 34-Following are the functions and powers of the Committee;

- a) To submit opinion to the municipal council upon review of the strategic plan, annual work program, budget and final accounts.
- b) To decide on expropriation works covered under the annual work program and to ensure implementation of these works.
- c) To determine the scope of expenditure in consideration of the unforeseen expenses.
- d) To make transfers in the Budget, between the second levels of the functional classification.
- e) To impose the penalties stipulated in the laws.
- f) To decide on liquidation and amicable settlement of the claims of the municipality, excluding taxes, levies and charges.
- g) To apply the decisions of the Council related to purchase, exchange and allocation of immovable property; and to decide on lease of the same for a period of at most three years.
- h) To determine the opening and closing hours of the public places.
- i) To perform the other duties conferred upon the Municipal Committee by the laws.

The Meetings of the Committee

ARTICLE 35-The Municipal Committee shall convene at least once in a week at a previously notified date and place. The Mayor may call the Committee for a meeting in urgency. The Committee shall convene with the absolute majority of the entire members. This provision shall also be applied in meetings to be made as a tender committee according to the Public Procurement Law Nr.2886. In case of equal division of the votes the chairman shall have the casting vote. The members shall not abstain from voting in the elections.

The agenda of the Committee shall be prepared by the Mayor. The Committee members may propose an article to be added in the agenda subject to the approval of the chairman. The subjects, which are not put on the agenda by the Mayor, may not be discussed in the meeting.

The subjects in the agenda shall be discussed and finalized within one week. The decisions taken during the Committee meeting shall be signed by the chairman and the members attending the meeting. Those who oppose to these decisions shall declare their justifications as well.

The Chairman and members of the Committee shall not participate especially in the negotiations during which the matters related to second degree blood and affinity relatives are discussed.

Allowance of Committee members

ARTICLE 36-In the municipalities with population up to 10.000, the chairman and members shall be paid a monthly gross salary corresponding to the amount to be calculated through multiplication of indicator figure 3.500 by monthly coefficient declared for the Government officials; in the municipalities with population from 10.001 to 50.000 the indicator figure shall be considered as 4.500; in municipalities with population from 50.001 to 2000 as 6.000 and in municipalities with population more than 200.001, the indicator figure 7.500 shall be to be considered during the calculation of the allowance. Half of this amount shall be paid to the Committee members who are in the category of government official.

THIRD CHAPTER

Mayor

Mayor

ARTICLE 37- The Mayor is the head of municipal administration and municipal institution in the statute of legal entity. The Mayor shall be elected according to the principles and procedures set-forth in the relevant laws.

The Mayor may not take part in the management and auditing organs of the political parties during his service period in the municipality; also may neither be nominated as the executive of the professional sporting clubs nor may take part in the management of these clubs.

Duties and powers of the Mayor

ARTICLE 38-The following are the duties and powers of the Mayor;

- a)** As the highest executive body of the municipal organization, to direct and manage the municipal corporation, and to protect the rights and interests of the municipality.
- b)** To manage the municipality according to the strategic plan, to develop corporate strategies of the municipal administration, to prepare the budget, to direct municipal activities and to determine scale of performance on the basis of these strategies; and to undertake implementation, follow-up and assessment of the same; to submit report to the Municipal Council related to these activities.
- c)** To represent the municipality before the Government offices and courts with the capacity of plaintiff or defendant or to appoint counsels for this purpose.
- d)** To preside the Municipal Council and Municipal Committee.
- e)** To manage the movable and immovable properties of the municipality.
- f)** To follow-up and collect the income and receivables of the municipality.
- g)** To conclude contract by obtaining the approval of the authorized organs.
- h)** To ensure implementation of decisions taken by the Municipal Council and Municipal Committee.
- i)** To implement the budget, to give approval for transfers between the budget items that are beyond the authorization of the Municipal Council and Municipal Committee.
- j)** To appoint personnel of the municipality.
- k)** To inspect the municipality and the subsidiaries.
- l)** To accept unconditional donations.
- m)** To take necessary measures for peace, welfare, health and happiness of the inhabitants of the county.
- n)** To use the appropriations reserved in the budget for the poor people and those who are in destitute; to carry out the services in favor of the disabled and to construct houses for disabled.
- o)** To use the appropriations reserved for representation and entertainment expenses.

- p) To undertake other duties and use powers conferred upon the municipality by the laws without need to obtain the decision of the municipal council and municipal committee.

Personal rights of the Mayor

ARTICLE 39-The Mayor is paid a monthly gross salary corresponding to the amount to be calculated through multiplication of monthly coefficient declared for the Government Officials by indicator figure;

- a) 70.000 in the counties with population up to 10.000
- b) 80.000 in the counties with population from 10.001 to 50.000
- c) 100.000 in the counties with population from 50.001 to 100.000
- d) 115.000 in the counties with population from 100.001 to 250.000
- e) 135.000 in the counties with population from 250.001 to 500.000
- f) 155.000 in the counties with population from 500.001 to 1.000.000
- g) 190.000 in the counties with population from 1.000.001 to 2.000.000
- h) 230.000 in the counties with population more than 2.000.001.

In calculation of this allowance in city center counties the population of which is less than 50.001, the indicator figure mentioned in paragraph (c) shall be taken as a basis.

The fee of the mayor may not be subject to reduction during the period when he is on leave or temporary assignment, or excused due to illness.

In case of appointment of the persons previously holding the office of Mayor to a position subject to employee's law, the period elapsed in municipal service shall be counted as civil service.

The rights and benefits granted to the civil servants and their dependents pursuant to the Civil Servant Law Nr. 657 shall be applied also for the mayors and their dependents under the same principle and procedure.

Deputy Mayor

ARTICLE 40-The Mayor shall appoint one of the members of the municipal council as deputy mayor to act on his behalf during his absence due to reasons such as leave, illness or assignment.

The Deputy Mayor shall possess the powers of the Mayor.

An allowance to be calculated on daily basis over the monthly net allowance payable to the Mayor shall be paid to the Deputy Mayor during his office period.

Strategic plan and performance plan

ARTICLE 41-Within six months as of the local general elections, the Mayor shall prepare a development plan and program, as well as a strategic plan in compliance with the regional plan (if any) and an annual performance plan before the beginning of the relevant year, to be submitted to the municipal council.

The strategic plan shall be prepared by obtaining the opinion of the universities and chambers (if any), and non-governmental organizations and shall be put into force upon approval of the municipal council.

It is not necessary to prepare a strategic plan in the municipalities with population less than 50.000.

The strategic plan and performance plan shall constitute the basis of the budget and shall have to be discussed and approved by the municipal council before the budget.

Delegation of powers

ARTICLE 42- Where deemed necessary, the Mayor may delegate part of his duties and powers to any personnel of the municipality possessing the qualifications required for such assignment.

Disputes

ARTICLE 43-In case of rise of a dispute between the municipality and the Mayor, or his first and second degree blood and affinity relatives and adopted children, which requires commencement of an action, the municipality shall be represented by the first vice-chairman of the Municipal Council or in his absence, by the second vice-chairman and any other person to be appointed from their side.

Termination of office period of Mayor

ARTICLE 44-The office period of the Mayor shall spontaneously terminate upon decease or resignation of the Mayor.

The existence of any one of the following conditions may also result with termination:

- a) Absence in the office for an uninterrupted period of more than twenty days without a legitimate excuse and determination of this fact by the territorial government,
- b) Loss of qualifications required to be elected,
- c) Certification of poor health conditions (illness or injury impeding performance) by a report issued from fully authorized health institution,
- d) To involve in actions and transactions leading to dissolution of the Municipal Council.

The Mayor shall be dismissed from service with the decision of the State Council upon application of the Ministry of Interior.

Transactions to be realized upon vacancy in the post of Mayor

ARTICLE 45-In case of vacancy in post of Mayor bound to any reasons, the Governor shall call the municipal council for a meeting within ten days. The Municipal Council shall convene under the chairmanship of the first vice-chairman, or in his absence, second vice-chairman, or the oldest senior member. The Municipal Council shall nominate;

- a) A mayor in case of vacancy in the post of Mayor, or imposition of punishment restricting him from public service in such a way to exceed the election period,
- b) A deputy mayor in case of suspension of the Mayor from office or imposition of punishment restricting him from public service in such a way not to exceed election period.

The Mayor or the Deputy Mayor shall be elected among the members of the Municipal Council by way of balloting. In the first two secret voting, attendance of two thirds of the entire members shall be required; in the third secret voting, the absolute majority shall be deemed necessary. In case of narrow margin in the final voting, a forth voting shall be made for the two nominees collecting the majority of the votes. The member who wins the majority of the votes in the forth voting shall assumed to have been elected as Mayor or Deputy Mayor. In case of equal vote, the Municipal Council shall draw lots.

Following the election of the Deputy Mayor pursuant to paragraph (b) of first subsection, a mayor shall be nominated according to the provisions of this article in the event of vacancy in the post of Mayor due to reasons listed in paragraph (a).

The office period of the newly elected Mayor shall be limited with the office period of the former Mayor. The Deputy Mayor shall undertake the duties of the Mayor until the election of the new mayor, or the mayor who is suspended or dismissed from office, or arrested by any reasons whatsoever, returns to office.

Until the next elections for mayor or deputy mayor, the first deputy mayor or the second deputy mayor in case of absence of the first, or the public official to be appointed by the Governor in absence of the second deputy mayor, shall perform the duties of the Mayor.

The provisions related to dissolution of Municipal Council shall be applied in case of non-completion of elections for the Mayor or Deputy Mayor within fifteen days at the latest.

Appointing a Mayor

Article 46- In case of vacancy in the post of Mayor and failure to organize elections for nomination of the new Mayor and Deputy Mayor; in the greater city and provincial municipalities, the person to be appointed by the Ministry of Interior, in other municipalities the person to be appointed by the Governor shall perform as a Mayor. The person to be assigned should possess the qualifications of Mayor.

FOURTH CHAPTER Common Provisions Related To Organs

Suspension from office

ARTICLE 47-The municipal organs or the members of these organs subject to investigation or prosecution due to an occupational offense, may be suspended from office as a precautionary measure until the rendition of the final judgment.

The precautionary measure shall be re-assessed in every two months. The precautionary measure, which seems to be not useful in terms of public interest, shall be lifted.

The precautionary measure seeking suspension from office shall also be lifted in case no permission is given for investigation or court decision is obtained not to prosecute, or in case of abatement of public action, or acquittal; or declaration of amnesty, or conviction of an offense not requiring suspension from office.

Two thirds of the monthly allowance shall be paid to the Mayor during the period of suspension and the other social rights and benefits shall be retained by the Mayor as well.

THIRD SECTION
Organization of Municipality
FIRST CHAPTER

Organization and Personnel of the Municipality

Organization of Municipality

ARTICLE 48-The organization of municipality normally shall comprise of secretariat, financial services, technical services and security divisions.

Other divisions, such as health units, fire brigades, development and human resources, legal departments, can be formed according to the norm positions in consideration of the population, physical and geographical, economical, social and cultural characteristics of the county. The formation, dissolution or incorporation of these divisions shall be subject to the decision of the Municipal Council.

Norm positions and employment of personnel

ARTICLE 49-The rules and standards for norm positions shall be determined jointly by the Ministry of Interior and Government Employment Directorate. Norm positions shall be determined by decision of the municipal council within the framework of these principles and standarts.

The personnel of the municipality shall be appointed by the Mayor. The appointments made in the management and executive levels shall be submitted to the acknowledgment of the Municipal Council in the first meeting.

The municipality may employ personnel by contract in conformity with the norm positions to use in environmental, health, veterinary, technical, legal, social, economical cultural and art, data processing and communication, planning, research and development, educational and consultancy services; to hire specialist physicians, veterinarians, lawyers, engineers, analysts and programmers, architects, midwives, nurses, technicians, experts etc. No appointment shall be made for the vacancies

related to the services carried out by the contracted personnel. This personnel shall possess the qualifications required for the relevant positions.

The wages of the personnel to be employed by contract pursuant to this subsection shall be determined by the Municipal Council, provided that the agreed amount may not exceed 25 % of the total net amount of all kinds of payments to be determined according to Civil Servant Law Nr. 657 by taking first level of first degree as a basis for the relevant position. For position titles not set up as first degree position according to general provisions, first level of the highest position degree set up from that position title shall be taken as a basis and maximum amount of payments to be done shall be determined according to principle mentioned above. The Ministry of Interior may bring limitations considering the titles for the personnel to be employed pursuant to provisions of this subsection.

In municipalities where there is no position of lawyer, architect, engineer (construction engineer or map engineer) and veterinarian or there is no need for permanent staff for these titles since scarcity of works, in order to carry out these works, short term contracted personnel may be employed for certain days and hours of the week or month. The number of short term contracted personnel shall not be more than one for each title mentioned above and the term of contract shall not exceed calendar year. The net wage to be paid shall not exceed half of the net amount of sum of all payments to be made for first level of first degree of position with the same title and shall be parallel to the term of working and be determined by the municipal council. No compensation shall be paid for the contracted personnel employed according to this paragraph when the work is ended and unemployment insurance premium shall not be deposited. Social insurance and general health insurance premiums shall not be paid for those who benefit from social security institution for other works they are engaged in and the same people shall not be employed by more than one municipality or a subsidiary institution.

The personnel employed according to provisions of third and fourth subsections may neither be paid an additional fee nor be granted benefits in kind or cash in the form of wage. As for the matters, which involve contracted personnel but not covered under this Law, the provisions applicable to the personnel employed according to subsection (B) of article 4 of Civil Servant Law Nr. 657 the are applied, excluding the parts related to visa.

The civil servants employed by the public institutions and corporations, may be assigned to a post in the management or higher executive level upon demand of mayor and their assent or assent of their institution ,. The criteria set forth in the subsection (B) of article 68 of the Civil Servant Law Nr. 657 shall be considered during realization of these appointments. The personnel employed in the municipalities by this way shall be considered on leave by the master institution. During the assignment period, the Municipality shall undertake the payment of all the financial rights and social security premiums and other benefits of the personnel originally paid by the master institution. The period elapsed on leave shall be counted in the promotions and retirements and those eligible for promotion shall be promoted without need to execute further transaction. Upon written request within fifteen days

as of the expiry of service period, these personnel shall be appointed to their former positions within latest one month; if there is no vacancy, or a replacement is appointed, then they shall be appointed to another post which suits their position.

In the municipalities, where a Mayor holds office according to norm positions, he may appoint more than one Deputy Mayor among the members of the Municipal Council irrespective of the standards. As follows; i) one deputy mayor in the municipalities with population up to 50.000 ii) two deputy mayors in the municipalities with population between 50.001-200.000 iii) three deputy mayors in the municipalities with population between 200.001-500.000 iv) four deputy mayors in the municipalities with population 500.000 and over. The members of the Municipal Council who are appointed by this way shall be paid a monthly allowance by the Municipal Council, provided that the amount may not exceed two thirds of the monthly allowance assessed for the Mayor. Assignment in this manner shall not constitute a privileged right in view of the authorized bodies whether it is in the nature of admittance to government service, employment in the status of contracted personnel or worker. Besides, the assignment period shall not exceed the office period of the Municipal Council. The equivalents of social security premium and similar expenses shall be met from the municipal budget.

The overall annual expenditure of the municipality shall not exceed thirty percent of the amount to be found through multiplication of the budget income realized during the current year by the revaluation coefficient determined in the Tax Procedural Law Nr. 213. This rate shall be applied as forty percent in the municipalities with population less than 10.000. In case of rise of personnel expenses above these limits as a result of unexpected increase in monthly pays and wages during the year, the employment of new personnel during the current and subsequent years shall be suspended until the personnel expenses are drawn under these rates. The public loss incurred due to exceeded rates, resulting for employment of new personnel, shall be collected from the Mayor, together with the legal interest to be calculated as of the accrual date of loss. All amounts due to personnel shall be paid in time and in priority.

Under the decision of the Municipal Committee, the employees of the municipality, excluding those employed by contract or in the status of worker, may be granted bonus at most two times in a year according to their performance and in proportion with the service period (including illness periods and annual leaves), provided that it may not exceed ten percent of the total number of employees and the amount to be calculated through multiplication of the monthly wage ceiling by indicator figure 20.000.

Transfer of personnel

ARTICLE 50-The positions and personnel of the municipalities excluded from status of legal entity pursuant to Articles 8 and 11 of this Law; shall be transferred to the

incorporated municipality, or provincial administration in case of transformation to village. Of the personnel subject to transfer, the ones who hold current positions and titles shall be assumed to have been appointed to the position with the same title. If there is no vacancy or appropriate position, the title of the personnel not included in the transfer, shall be changed by the concerned Municipal Council or City Council within three months, provided that they are retained within the same class.

At most within one month as of this change, these personnel shall be appointed to the appropriate positions and until then, they shall be employed in the works designated by the municipality or provincial administration to which they are transferred. The monthly pays, fees, wage increases, compensations and other financial benefits received in the former position shall be paid by the concerned municipality and province private administration until they are appointed to the new positions. As for those in the status of civil servant and transferred to new position; if the total net amount received in the new position (including wage, wage increases, compensations, amounts fixed in the supplementary indicator and other financial benefits) happens to be less than the total net amount of pay (including wage, wage increases, compensations, amounts fixed in the supplementary indicator and other financial benefits) received at the end of the last month in the former position, then this difference shall be paid as compensation until it is eliminated without being subject to reduction.

In the municipalities excluded from the status of legal entity, the positions of the contracted personnel employed according to subsection (B), article 4 of the Civil Servant Law Nr. 657, excluding those carrying the title of lawyer, shall be considered to be examined and approved by the municipality and special provincial administration (territorial governor) without need to execute further transaction.

SECOND CHAPTER

Municipal Police, Fire Brigade and Planning of State of Emergency

Duties and powers of Municipal Police

ARTICLE 51-Municipal Police is in charge of establishment of laws and regulations for purpose of preservation of public order, promotion of public health, safety and morals and enforcement of the punishments and other sanctions for those who do not comply with the orders and restrictions brought by the Municipal Council and to be carried out by the municipal police administration.

Any opposition to the municipal police while on duty shall be considered as resistance against the State security forces.

The working principles and procedures of the municipal police, powers and responsibilities of the personnel, qualifications required for admittance in the service, professional trainings, promotions, discharge from service, the uniforms and defensive measures and the units to be formed according to service types of the police organization, shall be determined in a regulation to be published by the Ministry of Interior. The Municipality may adopt further rules within the frame of this regulation.

Municipal police shall carry out the services without any interruptions. Working period and hours of municipal police personnel shall be regulated in a way not to impede rendering of the services, without being subject to working period and hours specified in State Servant Law Nr.657.

An over time pay, at an amount not exceeding the maximum limit fixed in the annual budget, shall be paid in cash under the decision of the Municipal Council against the services physically performed by those employed in the municipal police and private security organization.

Fire Brigade

ARTICLE 52- The working principles and procedures of the municipal police, powers and responsibilities of the personnel, qualifications required for admittance in the service, professional trainings, promotions, discharge from service, the uniforms and defensive measures and the units to be formed according to service types of the fire brigade, shall be determined in a regulation to be published by the Ministry of Interior. The Municipality may adopt further rules within the frame of this regulation.

Municipal police shall carry out the services without any interruptions. Working period and hours of municipal police personnel shall be regulated in a way not to impede rendering of the services, without being subject to working period and hours specified in State Servant Law Nr.657.

An over time pay, at an amount not exceeding the maximum limit fixed in the annual budget, shall be paid in cash under the decision of the Municipal Council against the services physically performed by those employed in the fire brigade organization.

Planning of state of emergency

ARTICLE 53-The Municipality shall make plans according to the characteristics of the territory in order to prevent fire, industrial accidents, earthquake and other natural disasters and to minimize the risks of such events and prepare the teams and equipment for action.

In preparation of prompt action plans, coordination shall be established with other action plans within the provincial scale and the opinion of the concerned ministry, public institutions, professional groups, universities and other local administrations shall be obtained in this respect.

Within the scope of these plans, joint programs can be made with the administrations, institutions and organizations mentioned in the second subsection for the training of

the public. The Municipality may render necessary support and relief services to other regions in case of occurrence of fire and natural disasters outside the municipal boundaries.

FOURTH SECTION

Inspection of Municipalities

Purpose of Inspection

ARTICLE 54-The purpose of inspection in the municipalities is to make impartial analysis and comparison of the services and consequences according to the previously specified object and targets, performance scales, quality standards and laws; to evaluate the results on the basis of documents and to prepare a report containing the findings to be submitted to the concerned authorities in order to avoid the failures in the activities and transactions of the municipality, to promote the municipal organization and skill of the personnel and to enable an effective, reliable and stable management and control system.

Scope and types of inspection

ARTICLE 55-Municipalities generally undergo external and internal inspection. The inspection covers financial auditing, performance evaluation, and examination of compliance of activities and transactions with the laws.

The external and internal inspection shall be made according to the provisions of the Law Nr. 5018 related to Public Finance Management and Control.

Furthermore, in addition to the financial transactions, the administrative transactions of the municipality may also be inspected by the Ministry of Interior to confirm compliance with the integrity, development plan and strategies of the administration.

The subsidiaries and associated corporations of the Municipality shall also be inspected according to the same procedure.

The inspection results shall be disclosed to the public and submitted to the Municipal Council.

Activity Report

ARTICLE 56-The Mayor shall prepare an activity report in the manner described in article 41 of the Public Finance Management and Control Law, indicating the activities carried out according to the strategic plan and performance targets; reasons

of deviations vis a vis performance scales and targets; and the current state of debts of the municipality. This report shall also contain information and assessments related to subsidiaries and associated corporations, partnerships of the municipality.

The activity report shall be submitted to the Council by the Mayor during the meeting to be held in april. One copy of the report shall be sent to the Ministry of Interior and disclosed to the public opinion.

Negligence in services

ARTICLE 57-Where it is determined by the justice of the peace upon request of the Ministry of Interior that there is gross negligence in services of the municipality constituting a risk for public health, peace and safety, the Minister of Interior shall warn the Mayor by granting reasonable period for recovery of this negligence.

If it is failed to recover the negligence within the specified period, then the governor of the province shall be asked to perform this service. In such case, the Governor shall first try to eliminate the negative conditions by use of equipment, vehicles, personnel and other sources of the municipality. If not possible, he may ask for the assistance of the other public institutions and corporations. The cost of these services shall be notified to İller Bank by the Mayor and the amount shall be transferred to the disposal of the Governor's Office by making an allocation from the share of the municipality over the total amount of tax income in the general budget of the subsequent month.

The Municipality may file an objection to the civil court of first instance against the decision of the justice of the peace given upon request of the Ministry of Interior.

Other provisions related to inspections

ARTICLE 58- The relevant provisions of the Public Finance Management and Control Law Nr. 5018 shall be applied in the matters related to inspection and preparation of the activity report, which are not covered in this Law.

FIFTH SECTION

Financial Provisions

FIRST CHAPTER

Income and Expenditure of Municipality

Income of the Municipality

ARTICLE 59-Following are the income of the Municipality;

- a) Taxes, levies, charges and participation shares specified in the laws,
- b) Share allocated from the tax income of the general budget
- c) Payments to be made by the administrations with general and special budget
- d) Income obtained from lease, sale and augmentation of movable and immovable properties

- e) Fees to be collected against the services of the Municipality on the basis of the tariffs issued by the Municipal Council
- f) Incomes from interest and penalties
- g) Donations
- h) Income gained from all kinds of ventures, participations and operations
- i) Other income.

The total amount of real-estate tax collected within the great city municipal boundaries and municipalities in the contiguous areas shall be received by the provincial and first level municipalities. No deduction shall be made from these amounts as the share of the Great City Municipality or special provincial administration (local government).

Expenditure of Municipality

ARTICLE 60-Following is the expenditure of the Municipality;

- a) Expenses made for construction, repair and maintenance of the municipal buildings, premises and equipment.
- b) Fees, wages, appropriations, attendance fee, allowances paid to the personnel and designated organs of the municipality; training and other expenses.
- c) All kinds of infrastructure, construction, repair and maintenance expenses.
- d) Expenses related to follow-up and collection of taxes, levies, charges, participation shares and other amounts to be received against the services rendered by the municipality.
- e) Expenses related to services performed by the municipal police, fire brigade etc.
- f) Partnership shares and subscription fees payable by the Municipality during participation in companies, corporations and unions.
- g) Expenses related to construction, protection and maintenance of public cemeteries.
- h) Interest, loan re-payments and insurance expenses.
- i) Social services and aids to be rendered to the poor people and those who are in destitute and with narrow income.
- j) Court and execution expenses.
- k) Representation, ceremony, accommodation and promotion expenses.
- l) Payments such as attorney's fee, consultancy and auditing fees.
- m) Expenses of the services and project carried out jointly with the public and private sector and organized civil groups, both in and outside the country.
- n) Expenses related to socio-cultural, scientific and artistic activities.
- o) Expenses related to researches and public opinion survey concerning municipal services.
- p) Other expenses made for performance of other duties and services conferred upon by the laws.
- r) Expenses related to conditional donations.
- s) Expenses related to development plans.
- t) All kinds of expenses related to projects.

SECOND CHAPTER

Municipal Budget

Municipal Budget

ARTICLE 61- The budget, which is prepared according to the strategic plan of the Municipality, shall indicate the estimations of income and expenditure of the municipality within the fiscal year and projection for the next two years; the budget shall also allow collection and distribution of income.

Detailed expenditure programs and financial programs shall be attached to the budget.

Budget year is the same with the State fiscal year.

No expenditure shall be made beyond the budget.

The Mayor and other authorities having the power to make expenditure shall be liable to ensure spending of money in the most profitable, reasonable and economic manner.

Preparation and approval of Budget

ARTICLE 62-A budget draft shall be prepared by the Mayor to be submitted to the Municipal Board before the first day of September. This draft shall also be sent to the Ministry of Interior and after consolidation, it shall be announced to the Ministry of Finance until the end of September to be added to the estimated budget of the central administration pursuant to Public Finance Management and Control Law. Following the review of the budget, the Municipal Board shall submit the same to the Municipal Council before the first day of November together with its remarks.

The Council shall approve the budget draft before the new year as it is or in the revised form. However, the Council shall not be entitled to alter the budget in such a way to cause imbalance in the budget by increase or decrease of income. The approved budget shall be put into force as of the beginning of fiscal year.

Person in charge of expenditure

ARTICLE 63- The chief of the unit to which allowance with municipal budget is allocated shall be regarded as the person in charge of expenditure.

Final Accounts

ARTICLE 64- The final accounts of the annual budget shall be submitted by the Mayor to the Municipal Board during the month of April, following the expiry of accounts period. The final accounts shall be discussed and approved in the meeting of the Municipal Council to be realized in May.

The provisions of the law related to budget shall be applied for discussion and approval of the final accounts.

Budget System

ARTICLE 65- The principles and procedures related to Municipal budget and accounting transactions shall be set out in a regulation to be published by the Ministry of Interior, subject to the appropriate opinion of the Ministry of Finance.

Continuation of the Previous Year Budget

ARTICLE 66-Where the budget of the new-year is not finalized bound to any reason whatsoever, the budget of the previous year shall continue to be applied until the finalization of the new budget.

The transactions executed until the finalization of the new budget shall be considered to have been realized according to the new-year's budget.

Undertaking of services for the subsequent years

ARTICLE 67-Pursuant to the decision of the Municipal Council (in municipalities) and authorized organs (in the subsidiaries of the municipality), works related to maintenance and repair of parks, gardens, hot-houses, car rental, controllership, cleaning, security and catering services; machinery-equipment maintenance and repair works; process data systems and stations, electronic data access services; health relief services; organization of fairs, exhibitions etc.; maintenance and cleaning of drains, infrastructure and asphalt construction and repair, traffic signalization and lightening maintenance, reading of counters and dismantling and re-setting of counters; mass transportation services; activities related to operation of social facilities may be sub-contracted to third parties by way of public bidding until the end of sixth month following the local general elections.

THIRD CHAPTER

Indebtedness and Economical Investments

Indebtedness

ARTICLE 68-The Municipality may undertake obligations and issue debentures according to the following principles and procedures in order meet the expenses required to be made for performance of duties and services;

- a) Within the frame of the provisions of the Law Nr. 4749 Related To Public Finance and Management of Debts, foreign borrowings may be provided only for financing of the projects defined in the investment program of the Municipality.
- b) The Municipality using investment credit and cash credit from İller Bank shall be obliged to present the payment plan to this bank. İller bank shall be entitled to reject the loan request of the municipality where the re-payment plan is found insufficient
- c) Issuance of debentures may be considered only for the financing of the projects defined in the investment program and shall be realized according to the provisions of the relevant law.

- d) The interest of total local and foreign borrowings of the Municipality, subsidiaries and the companies more than fifty percent of the capital of which is owned by the municipality, may not exceed the total amount of final budget income subject to increase at the rate of revaluation specified in the Tax Procedural Law Nr. 213. This amount shall be applied as one and a half fold for great city municipalities.
- e) The Municipalities, subsidiaries and companies more than fifty percent of the capital of which is owned by the municipality may provide local borrowings pursuant to the decision of the Municipal Council, provided that this amount may not exceed ten percent of the total final budget income subject to increase at the rate of revaluation specified in the Tax Procedural Law Nr. 213; the decision of the absolute majority of the entire members of the Council and approval of the Ministry of Interior shall be required for local borrowings above ten percent.
- f) In the infrastructure investments of the municipalities which require advanced technology and considerable amount of financial resource, the borrowings for the projects approved by the Council of Ministers upon request of the Undersecretariat of State Planning Organization (SPO) may not be considered in calculation of the amount mentioned in paragraph(d).

Unless the offense committed requires a heavier punishment, the provisions of the Turkish Criminal Code Nr. 5237 shall be related to malfeasance in office , applied for the municipalities who are indebted against above-mentioned principles and procedures.

The Municipalities shall be liable to send their quarterly financial tables detailing the assets and liabilities to the Ministry of Interior, Ministry of Finance, State Planning Organization and Undersecretariat of Treasury.

Provision of Plots and Housings

ARTICLE 69- The Municipality shall be entitled to provide plots with complete infrastructure within the municipal boundaries and contiguous areas to enable performance of urban development activities in the most orderly manner and to meet the housing, industrial and commercial requirements of the county; to engage in purchase, expropriation, exchange of plots for construction, lease of mass housings and to establish cooperation with the banks and other public institutions and corporations, and to realize joint projects on this subject.

For this purpose, the Municipality may establish enterprises by allocation of necessary fund from the budget.

Excluding the plots, the sale of housings and workplaces shall not be subject to Public Procurement Law Nr. 2886. Plots can be granted within the municipal boundaries and contiguous areas to the people suffering from disasters and those with limited income, and to be transported to the industrial zones, as well as to the cooperatives the members of which are in the same situation, provided that neither the person in question nor his /her spouse or children owns a house. The sales price shall not be less than the price determined by the appraisal committee according to the provisions of the Expropriation Law Nr. 2942. According to this article, plot or housing may be granted to the individuals within the scope of article 25 of the Law Nr. 775 for Slum Houses. The application principles of this subsection shall be regulated in a regulation to be published by the Municipal Council on the basis of frame regulation to be prepared jointly by the Ministry of Interior, Ministry of Public Works and Settlement.

Incorporation of a company

ARTICLE 70-The Municipality may incorporate companies according to the procedures stipulated in the relevant legislation for performance of the duties and services conferred upon.

Establishment of enterprise

ARTICLE 71- The municipality may render services having special income and expenditure, by establishing an enterprise upon consent of the Ministry of Interior .

Exchange and deduction of debts and receivables

ARTICLE 72-Excluding the receivables of the Treasury within the scope of the Law Nr. 4749 related to Arrangement of Public Finance and Management of Debts, the debts and receivable of the municipality in respect of institutions with general budget, social security institutions, local administrations and other public institutions and corporations operating under private and public law may be subject to exchange and deduction (set-off) transaction. Necessary and sufficient fund shall be reserved in the budget of these institutions and corporations for this purpose.

The principles and procedures related to exchange and deduction transactions to be realized within the frame of this article shall be regulated in a regulation to be published by the Ministry of Finance upon receipt of appropriate opinion of the Ministry of Interior.

SIXTH SECTION

Miscellaneous and Final Provisions

FIRST CHAPTER

Miscellaneous Provisions

Urbanization and development areas

ARTICLE 73- The municipality, may adopt urbanization and development projects in order to re-construct and restore the ruined parts of the city; to create housing areas, industrial and commercial zones, technology parks and social facilities ; to take measures against the earthquake risk or to protect the historical and cultural structure of the city.

The areas to be subject to urbanization and development projects shall be announced under the decision of the absolute majority of the entire members of the Municipal Council.

One forth (1/4) of the relevant levies and charges shall be collected for the buildings which are to be demolished and re-constructed within the frame of urbanization and development project.

For announcement of a place within the scope of urbanization and development project; this place should be located within the boundaries of that municipality and contiguous area, and the area of the land should be at least fifty-thousand square meters.

In evacuation, demolition and expropriation of the buildings subject to urbanization and development project, it is recommended to reach to an agreement with the owners. The actions to be filed by the owners of the property within the scope of urbanization and development project shall be dealt in priority by the courts and decision shall be given without delay.

Foreign Relations

ARTICLE 74- The Municipality may participate in the international institutions and organizations related to its field of operation as a founding member or member, upon decision of municipal council.

The Municipality may realize joint activities and service projects, or establish urban fellowship relations with these institutions, organizations and foreign local administrations.

It is a basic principle to carry out these activities mentioned in first and second subsections in compliance with the foreign policies and international agreements, and to obtain the permission of the Ministry of Interior beforehand.

Relations with other institutions

ARTICLE 75-On the basis of the contracts to be concluded pursuant to the decision of the Municipal Council, the Municipality;

- a) May undertake construction, maintenance, repair and transportation works of the local administrations and other public institutions and

corporations in return for cost or without charging cost; may realize service projects with these institutions and may transfer funds for this purpose. In such a case, the work shall be completed according to provisions of legislation which the institution undertaking the work is subject to.

- b) May determine and meet the requirements in order to enable performance of basic services by the local administrations and central administration; may supply vehicles and personnel for this purpose,
- c) May realize joint service projects with the professional groups in the status of public institution, associations operating for public interest, associations and foundations for the disabled, foundations exempted from the tax by the Council of Ministers and other professional organizations registered in the chambers of industry and commerce within the scope of the Law Nr. 507 related to Craftsman and Small Scale Artisans.
- d) May transfer the immovable property used in the municipal services to the local administrations, public institutions and corporations in return for cost or without charging cost, or may allocate the same for a period not exceeding twenty-five years. It is also possible to lease this immovable to the same institutions. The transfer or allocation transaction shall be cancelled in case of utilization of the immovable property beyond its scope. Upon expiry of the allocation period, the transactions can be renewed upon request according to the same principles.

Immovable property, upon being transferred or allocated to the public institutions and corporations by the municipalities, subsidiaries and companies controlled by the municipality, may no longer be used as public place building or social premises.

City Council

ARTICLE 76-City Council shall be responsible from promotion of urbanization and fellow-citizenship vision, preservation of the rights of the inhabitants and materializing the rules stipulating developmental consistency, environmental care, social solidarity, transparency, participation in management and stable operation of control mechanism.

The Municipalities shall provide the necessary assistance and support to the City Council to enable performance of above listed activities effectively in cooperation with professional groups in the status of public institution, trade unions, notaries, universities (if any), concerned non-governmental organizations, political parties,

public institutions and corporations, representatives of executive officers of parish and other authorized bodies taking part in the city council.

The opinions declared by the City Council shall be put on the agenda and assessed during the first meeting of the Municipal Council. Working principles and procedures of the city council shall be determined with a regulation to be prepared by the Ministry of Interior.

Voluntary participation in municipal service

ARTICLE 77-In order to enable public participation in the services and to increase the efficiency and to carry out the activities in the most economic manner, the Municipality shall prepare programs for the volunteers who are willing to contribute health, training, sports, environmental, cultural and social services, formation of libraries, parks etc. and other services rendered to the old people, women and children, disabled, poor people and to those in destitute.

The qualifications and working principles and procedures of the volunteers shall be set out in a regulation to be published by the Ministry of Interior.

Correspondence/Communication

ARTICLE 78-The Municipality may directly communicate with the public institutions and corporations.

Places under the administration of Municipality

ARTICLE 79-Without the prejudice of the provisions adapted in the other laws, the cemeteries, amusement places, harvest places, woody land, recreation areas, marshy land, refuse disposal areas, the plots carrying ruins (towers, castles etc.) and similar other places within the municipal boundaries and without owner shall be under the administration of the municipality.

The administration of the land acquired by the municipality through filling up sea, rivers and lakes shall also be given to the municipality (to great city municipality in great cities) by the Ministry of Finance, provided that this land is used according to the Coast Law and relevant regulations.

Operation of inter-city bus terminals and fuel oil stations

ARTICLE 80-The Municipality may give permission to the real persons and legal entities possessing the right to transport passengers on highway, for construction and

operation of inter-city terminals, all kinds of fuel oil and liquefied petroleum gas (LPG) and liquefied natural gas (NPG) stations within the municipal boundaries and contiguous areas provided that these works are executed in compliance with the regional and development plan. In order to grant permission, the location of the said stations should be indicated in the regional-construction plan. In the great cities, the license for operation of these stations shall be issued by the great city municipality.

Designation of name, logos and pennons

ARTICLE 81- Designation of name for the streets, roads, squares, parks, premises and other places and determination of the logos and pennons to be used during presentation activities shall be subject to the decision of the absolute majority of the entire members of the Municipal Council; in alteration of names, logos and pennons, the decision of two thirds (2/3) of the members shall be required. These decisions shall be put into force with the approval of highest administrative authority.

Distribution of Attorney's Fee

ARTICLE 82 The provisions of the Law Nr.1389 related to The Fees Payable To The Attorneys and Other Court Expenses In State Prosecutions shall be applied by analogy in distribution of the attorney's fee to the lawyers(including those assigned according to article 49) and other staff employed in the legal department after being collected from the other party at the end of the proceedings finalized in favor of Municipality.

Rate of Revaluation

ARTICLE 83-The monetary amounts mentioned in articles 15, 18 and 34 of this Law shall be increased at the rate of revaluation announced each year according to the Tax Procedural Law Nr. 213.

Inapplicable provisions

ARTICLE 84-With the regard the duties and services conferred upon the Municipality by this Law; the provisions of this Law shall be applied in case of determination of contrariness to this Law in the Public Health Law Nr. 1593 dated 24.4.1930, Law Nr. 2559 dated 4.7.1934 related to Duties and Responsibilities of Police, Province Administration Law Nr. 5442 dated 10.6.1949, Law related to Wholesale Markets formed by the Municipalities according to Paragraph 58 of Article 15 of the Municipal Law Nr. 1580 dated 12.9.1960, Charges Law Nr. 492 dated 2.7.1964, Highway Traffic Law Nr. 2918 dated 13.10.1983, Construction Law. Nr. 3194 dated 3.5.1985, the Law related to Amendment and Acceptance of the Decree-law For Opening and Licensing of Business Places Nr. 3572 dated 14.6.1989, Law Nr. 5179 dated 27.5.2004 related to Amendment and Acceptance of Decree-law For Production, Consumption and Control of Foodstuff, Highway Transportation Law Nr. 4925 dated 10.7.2003 , Law Nr.4856 dated 1.5.2003 related to Organization and

Duties of the Ministry of Forestry and Environment and Civil Servant Law Nr.657 dated 14.7.1965.

SECOND CHAPTER

Amended , Added and Abrogated Provisions

ARTICLE 85- a) (Related to Turkish Republic Retirement Fund Law Nr. 5434 dated 8.6. 1949 and has been entered in place of this law.)

b) Related to Vehicle Law Nr. 237 dated 5.1.1961 and has been entered in place of this law.

c) Abrogated paragraph (d) of first subsection of article 29 of Law Nr. 2972 dated 18.1.1984 on Election of Local Administrations , Local Governments and Alderman Committee has been re-regulated as “d) Establishment of municipality”.

d) The phrase “ To assemble non-sanitary workplaces, entertainment facilities, other workplaces which have an effect on public health and environment, at a certain part of the city; construction materials, scrap storage areas and sales places” to come after the phrase “afforesting” in paragraph (i) of the first subsection of article 7 of Great City Municipal Law Nr. 5216 dated 10.7.2004 ; the phrase “to exercise the powers conferred upon the municipality in Slum Houses Law Nr.775” to come after the phrase “mentioned services” in paragraph (d) of third subsection of the same article have been added. The phrase “ The first legal counsel and” to come after the term “ Great city municipality” in third subsection of article 22 ; and the sentence “ The council shall be entitled to determine a month to make a holiday.” at the end of the first subsection of article 13 have been added. The sentence “ Meeting of November shall be the beginning of the period .” in the first subsection of article 13 ; the phrase “ within ten days” in the third subsection of article 14 ; as well as “ at each meeting of beginning of the period” in first subsection of article 15 and “at first ordinary meeting of each year” in the first subsection of article 16 have been removed from article texts.

e) The phrase “ culture, art, tourism ” in paragraph (b) to come after the phrase “ prevention of erosion” has been added to paragraph (a) of first subsection of article 6 of Law Nr.5302 dated 22.2.2005 On Special Provincial Administration . The phrase “ culture, tourism, youth and sports” in paragraph (b) has been removed from the text and the following subsection has been added to the same article to come after the first subsection. The sentence “ Meeting of November shall be the opening meeting of period.” in first subsection of article 12 and the phrase “ within ten days” in third subsection of article 15 have been removed from the text. First sentence of first subsection of article 16 has been amended as follows “ General provincial council may constitute specialized committees among its members comprising of at least three, at most five members.” The phrase “and the committee” has been added to first subsection of article 24 to come after the phrase “ council” and “2600” in the same subsection has been amended as “6000”. Third and fourth subsections of article 36

have been removed from the text. The sentence “Provisions of article 49 of Municipal Law shall be applied for employment of contracted personnel and short term contracted personnel in special provincial administrations” has been added to the same article as third subsection .

Of the investments related to duties and services executed by central administration, the ones deemed appropriate by the relevant ministry may be realized by special provincial administrations. Allowances related to these investments shall be transferred to budget of that special provincial administration by relevant institution. Special provincial administration may spend from its budget for an amount of 25 % of these investments. Central administration may also cooperate with special provincial administrations for the services that it wishes to support and develop on the basis of project, on condition that it transfers its resources to special provincial administration . These resources and allowances shall not be related with special administration budget and shall not be used for another purpose.

f) Municipal Law Nr.5272 dated 7.12.2004 has been abrogated.

g) Article 38 of Real-Estate Tax Law Nr.1319 dated 29.7.1970 has been abrogated.

h) Sixth subsection of article 4 of Organized Industrial Zones Law Nr. 4562 dated 12.4.2000 has been amended as follows.

Licenses and consents related to use of land, projection, construction and use of building and facilities according to development plan entered into force as well as license for opening workplaces and working shall be issued and inspected by organized industrial zones . Charges related to opening workplaces and working at the time of issuing the license for opening workplaces and working shall be collected by organized industrial zones and deposited in the account of relevant municipality or special provincial administration.

THIRD CHAPTER

Transitory and Final Provisions

TRANSITORY ARTICLE 1. – In the Municipality exceeding the rate specified in article 49 for the personnel expenses, it is not allowed to employ additional personnel until this date rate is drawn downward, besides the exclusive permission dated 1.1. 2005 of the Ministry of Interior under requirement, which seeks availability of vacant position and necessary fund in the budget for recruitment of personnel. Even in such case, the number of personnel to be employed may not exceed ten percent of the existing employees and contracted personnel. Temporary positions shall not be allowed to be more than the previous year.

TRANSITORY ARTICLE 2. – Establishment or cancellation of positions, or alterations related to vacancies in the position of the staff employed by the municipality, subsidiaries and associated corporations and local administrative units shall be subject to the decision of the Council of Ministers until the adoption of the

norm positions. This decision shall be taken upon proposal of the Ministry of Interior and receipt of appropriate opinion of the Ministry of Finance and Directorate of Public Personnel. Until norm position application is started to be applied, current positions set up by the Council of Ministers shall be accepted as norm positions as per application of third subsection of article 49.

Employment of workers in permanent positions and creation of new positions shall be subject to the visa of the Ministry of Interior until the implementation of norm positions. The Ministry of Interior may delegate its powers on this subject to the governor.

TRANSITORY ARTICLE 3. – The transactions related to transformation of municipalities with population less than 2000 on the publication date of this Law according to the census in 2000, to village, through abolishment of legal entity status of the municipalities, shall not be applied until the date of 31.12.2006 for the municipalities willing to take advantage of the provisions of Article 8 of this Law. In abolishment of legal entity status, the overall population after incorporation or participation shall be considered according to the results of the census during the year of 2000.

Transactions realized according to transitory article 4 of Municipal Law Nr. 5272 shall be accepted as realized according to this article.

TRANSITORY ARTICLE 4. – Strategic plan foreseen in article 41 shall be prepared within one year as of enforcement of this Law.

TRANSITORY ARTICLE 5. – The receivable subject to public and special law and payable by the public institutions and corporations as of 31.12. 2004 to the municipalities, subsidiaries and the companies, more than fifty percent of the capital of which is owned by the municipalities, shall be subject to set-off transaction against the debts of these institutions to the other public institutions and corporations until 31.12.2005. The Council of Ministers shall be entitled to extend this period to six months. The term debts and receivable used in this article shall also cover the accessories and penalties related to these debts and receivable.

Whether to set-off transaction or not, the debts of the institutions within the scope of this article, shall be collected through deduction from the general budget tax income, provided that the deducted amount may not exceed forty percent of the share reserved each month.

The declarations and set-off transactions to be realized according to this article shall be determined by the concerned institution and reconciliation committee irrespective of annual budget laws, the final decision shall be given by the Council of Ministers upon proposal of the Minister with whom the Undersecretariat of Treasury is associated. The Council of Ministers shall be authorized to fix the credit terms for the

payments, to apply increase and interest to the credited amount as of the publication date of this Law, and to make discount at an amount not exceeding the accessories and penalties assessed for these debts.

Attachment established for debts before 31.12.2004 pursuant to approval by the reconciliation committee of application of relevant foundation related to reconciliation and lift of attachment, shall be lifted .

The reconciliation committee shall comprise of one chairman to be nominated by the Minister with whom the Undersecretariat of Treasury is associated, and representatives from each one of Ministry of Interior, Ministry of Finance, Undersecretariat of State Planning Organization, Undersecretariat of Treasury, Supreme Council of Public Accounts, Directorate of Social Security Institution and General Directorate of İller Bankası

Effectiveness

ARTICLE 86 - This Law shall enter into force on the date of publication.

Enforcement

ARTICLE 87 - The provisions of this Law shall be enforced by the Council of Ministers.