

THE EFFECTS OF THE LAW NO 6360 ON THE FINANCIAL STRUCTURES OF METROPOLITAN MUNICIPALITIES

6360 SAYILI KANUN'UN BÜYÜKŞEHİR BELEDİYELERİNİN MALİ YAPILARI ÜZERİNDEKİ ETKİLERİ

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ABSTRACT

A number of significant changes have been introduced into the administrative structure of municipalities and special provincial administrations through the Law No. 6360. In this context, special provincial administrations and villages were abolished in the metropolises, and unicity model was introduced. Moreover, there have been significant amendments in the financial structures of the municipalities and special provincial administrations through the law. However, the Law No. 6360, which was expected to create effectiveness in the provision of local public services, has not been able to produce the intended results in terms of the financial structures of the metropolitan municipalities.

In this article, the impacts of the Law No. 6360 on the financial structures of the metropolitan municipalities were analyzed. In the first part of the article, general information regarding the Law No. 6360 was provided. In the second part, the aspects of the Law related to the financial topics were analyzed. When the implementations of the Law are analyzed, it is observed that the financial structures of the metropolitan municipalities have started to deteriorate, and the residents of the newly-established metropolitan municipalities have encountered new taxes.

Keywords: The Law no. 6360, Financial structure, Metropolitan municipalities, Scale problem.

Öz

6360 sayılı Kanun'un yürürlüğe girmesiyle birlikte belediyelerin ve il özel idarelerinin idari yapılarında önemli birçok değişiklik uygulamaya konulmuştur. Bu bağlamda büyükşehir belediyesi bulunan illerde il özel idareleri ve köyler kaldırılmış ve bu illerde bütünşehir uygulamasına geçilmiştir. Söz konusu Kanun ile aynı zamanda belediyelerin ve il özel idarelerinin mali yapılarında da önemli değişiklikler hayata geçmiştir. Ancak, mahalli kamu hizmetlerinin sunumunda etkinlik sağlayacağı düşünülen 6360 sayılı Kanun büyükşehir belediyelerinin mali yapıları bakımından istenilen sonuçları üretememiştir.

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Bu çalışmada 6360 sayılı Kanun'un büyükşehir belediyelerinin mali yapılarında meydana getirdiği etkiler analiz edilmiştir. Çalışmanın ilk bölümünde söz konusu Kanun hakkında genel bilgilere yer verilmiştir. Daha sonraki bölümde ise Kanun'un mali konular ile ilgili yönleri analiz edilecektir. Kanun uygulamaları incelendiğinde, büyükşehir belediyelerinin mali yapılarının bozulmaya başladığı ve yeni kurulan büyükşehir belediyelerinde yaşayan kişilerin yeni vergilerle karşı karşıya kaldığı gözlemlenmektedir.

Anahtar Kelimeler: 6360 sayılı Kanun, Mali yapı, Büyükşehir belediyeleri, Ölçek sorunu.

INTRODUCTION

The large majority of the population nowadays has started to live in big cities due to the accelerated process of urbanization, which started with domestic migration in the 1960s. Thus, the metropolitan cities have become the center of urban life in Turkey with both their population and their economic and social developmental level. As a matter of fact, the significance of the matter was mentioned in the 1982 Constitution; and, it is stated that a different type of administrative concept could be determined for the metropolitans by the regulation of "special administrative formations can be established in large settlement fields" in the 127th Article.

In this regard, primarily the first step was taken about the metropolitan municipalities with the Decree Law no. 195, and metropolitan municipalities were established in Istanbul, Ankara and Izmir. Later, by the regulations, especially by the Law No. 3030, in the early 2000s, the total number of metropolitan municipalities increased to sixteen. By the enactment through the Law No. 6360 published in the Official Gazette dated 06.12.2012 and numbered 28489, thirteen more cities were added to the existing sixteen metropolitan municipalities and lastly, the city of Ordu also became a metropolitan municipality by the Law No. 6447 published in the Official Gazette dated 22.03.2013 and numbered 28595. Thus, the number of municipalities with the status of metropolitan municipality has reached to thirty, and the 77 percent of the total population of the country has started to live in the metropolitan municipalities.

In Turkey, the Law No. 6360 has introduced substantial regulations regarding the metropolitan municipalities. The only condition for a city to convert into a metropolitan municipality has been determined as having a population of more than 750.000 inhabitants, through the easing of the criteria for establishment of metropolitan municipalities which were introduced by the Metropolitan

Municipalities Law No. 5216. Additionally, Istanbul and Kocaeli model, which includes the expansion of the metropolitan municipality borders to the city's provincial administrative boundaries, has been adopted for the existing, newly established and prospective metropolitan municipalities. Moreover, the special provincial administrations were abolished in the cities which were converted into metropolitan municipalities, and thus, in Turkey, in local governments, the implementation of metropolitan municipality was abolished, and the new 'Unicity' conception has been accepted in metropolitan municipalities.

However, the Law No. 6360, which not only gives rise to significant changes in the structuring of the metropolitan municipalities, but also has an impact on all types of local administrative units, brought many controversies with it. Many problems arose, ranging from the problem of scale to its violation of the constitution, and from the problems of the revenue distribution of the metropolitan municipalities to the municipalities' problem of duties and authorities. In this article, the adjustments that the Law No. 6360 caused on the financial structures of the metropolitan municipalities will be evaluated.

1. THE GENERAL CHARACTERISTICS OF THE LAW NO. 6360

When the general justification of the Law No. 6360 is analyzed, by moving from the argument that the model implemented in the cities of Istanbul and Kocaeli, within the city limits, provided effectiveness in the rendering of public services which have a local common quality that need to be implemented in large scales through coordination and unity, it was aimed to make the notion of local government more integrative in structure, and in this context, it was decided that in an additional 13 cities, metropolitan municipalities are to be established whose administrative boundaries have been expanded to the city's provincial administrative boundaries. Moreover, in the justification of the Law, it was aimed to provide efficiency, by the aforementioned law, in the rendering of the public services within the frame of the need arising from the administrative, economic and social reasons after the 12 year period that passed since the establishment of the last metropolitan municipality, and of the understanding regarding the participation of more of the citizens.

In the boundaries of the metropolitan municipalities, the local election system was also differentiated, and in the provincial administrative boundaries, it was ensured that the citizens vote for the metropolitan municipalities in the cities which

became metropolitan municipalities. Moreover, by the law, approximately, the 77-78 percent of (56 million) Turkey's population and the 51 percent of Turkey's surface area was started to be governed through the system of metropolitan municipality (Çelikyay, 2014: 7). Besides, through the enacting of the laws numbered 6360 and 6447, the number of metropolitan municipalities rose from 16 to 30, the number of provincial municipalities dropped from 65 to 51, the number of special provincial administrations decreased from 81 to 51, and the number of villages dropped from 34.283 to 17.720 (Ökmen and Arslan, 2014: 90). Before the enactment of the Law No. 6360, 83 percent of Turkish population was living within the boundaries of a municipality while 17 percent was living outside of these boundaries; and 92 percent of the country's population has been living within the boundaries of a municipality and 8 percent has been living in villages since the March 30th 2014 local elections (Yıldırım et al., 2015: 209).

We can summarize the amendments that the Law No. 6360 introduced into our local administrative system in following headings (Çelikyay, 2014: 12):

1. New metropolitan municipalities were established in 13 cities (later, with the addition of the city of Ordu, the number rose to 14). The total number of metropolitan municipalities reached 30.

2. All the metropolitan municipality boundaries became city boundaries.

3. The special provincial administrations in all 30 cities were abolished.

4. New metropolitan district municipalities were established.

5. All metropolitan districts within those metropolitan municipality borders were adopted as Metropolitan District Municipalities.

6. All towns are admitted as first-tier Metropolitan Municipalities and the villages' legal personalities were abolished and turned into neighborhoods, except for forest villages.

7. In the cities except the metropolitan municipalities, the municipalities whose population detected to be fewer than 2000 turned into villages.

8. As a subsidiary institution of the civilian administration, in all 30 provinces, Directorates of Investment Monitoring and Coordination were established.

9. The revenue sharing between central administration and local governments are rearranged.

The amendments entered into force are detailed under separate headings below.

1.1. Regulations in the Administrative System

The greatest change that was formed by the Law No. 6360 is the establishment of metropolitan municipalities initially in 13 cities and then by the Law No. 6447, with the addition of one other city, in a total of 14 cities. Again, by the Law No. 6360, the application of overlapping the municipal boundaries with the boundaries of the civilian administration which was introduced earlier by the Law No. 5216 and was valid for Istanbul and Kocaeli, has also been started to be implemented for all metropolitan municipalities. Thus, the metropolitan municipalities became unicity municipalities (Zengin, 2014: 109). In other words, the Law No. 6360 amended the definition of metropolitan municipality. According to the definition that was amended by the 4th article of the law, the metropolitan municipality is defined as "a public legal entity, whose boundaries are provincial administrative boundaries, provides coordination among the metropolitan district municipalities under those boundaries, and by having administrative and financial autonomy fulfills its duties and responsibilities given by the law, exercises authority, whose decision making organ are formed by the voters through elections".

On the other hand, there are certain criticisms on the new regulation of the Law No. 6360 (Karasu, 2013: 4), and there are also certain opinions indicating that the aforementioned regulation has some benefits such as improvement of the service quality, the possibility of making holistic master plans, effective use of financial sources, increasing of providing services, providing the same level of services for all citizens living in different regions of the city (Çelikyay, 2014: 15).

Additionally, it was stated in the law that, the criteria, except population, such as physical settlement condition and economic development conditions that had been valid before to establish a metropolitan municipality, were abolished, and the total population of the province was determined as the sole criterion, and the provinces whose population was greater than 750.000 could be converted into metropolitan municipalities (Karasu, 2013: 6).

According to the Law No. 6360, the legal entity of the special provincial administrations, town municipalities, and villages was removed in the provinces where a metropolitan municipality was come to an end, and additionally, the town municipalities and villages were converted into a neighborhood of the district municipalities of which they had been under. Besides, the villages and neighborhoods (if any) whose population fall under 500 were abolished.

1.2. Change in the Share of Duties and Authorities

The basic principles regarding the share of duties and authorities between the metropolitan municipalities and the metropolitan district municipalities were set forth by the Law on Metropolitan Municipalities numbered 5216. Accordingly, to meet the common local demands of the people who reside in their municipalities, the metropolitan municipalities are given many duties and authority. However, by mentioning the phrase "among the municipalities in the scope of metropolitan municipalities, the harmony and coordination to render the services are to be provided by the metropolitan municipalities" in the 11th article of the Law No. 6360, a new regulation was introduced regarding the sharing of duties between the metropolitan municipalities and the metropolitan district municipalities under the metropolitan municipalities, and a limited number of duties, which remain out of the duties given to the metropolitan municipalities, were given to the metropolitan district municipalities, so there has been an increase in the authority of the metropolitan district municipalities when compared to the Law No. 5216 (İzci and Turan, 2013: 134).

On the other hand, by the Law No. 6360, through the decision of the metropolitan municipality council, certain authority is likely to be transferred to the metropolitan district municipalities. Building passenger terminals, closed and open car parks, having them built, running them, having them run or providing permit for them; running burial services, cleaning services and duties about enumeration, could be given as examples of those mentioned authorities.

1.3. The Establishment of the Directorate of Investment Monitoring and Coordination

With the abolishment of the special provincial administration through the Law No. 6360, in every city within the scope of the law, "the Directorate of Investment Monitoring and Coordination (DIMC)" was established. These directorates that have been placed within the provincial organization, as indicated by the law, are to undertake duties such as doing the investment work of the public institutions and their investments, construction, repairs and maintenance, reporting the conformity of the institutions to the strategic plan and performance programs in addition to the service and activity efficiency of all the provincial units except the judicial and military institutions, protection of the cultural and natural assets, emergency and disaster help, emergency calls, publicity of the cities, and services of representation, ceremonies, awards and protocol.

It can be argued that the reason for the emergence of the new institution designed to make it easier for the central administration to intervene into the local administrations would be to eliminate the vacuum resulted after the abolishment of the provincial special administration. However, this new structure, on one hand, shows that an understanding which has the claims of localization is going towards centralization (Yıldırım et al., 2015: 213). Hence, in the cases where the relevant institution is unable to render services that are supposed to be rendered in the public institutions and organizations in the city, the rendering of such services would be given to the DIMC by the governor of the city and the costs that emerge as a result of the rendering are to be taken from the relevant institution. In this regard, the flaws those are likely to emerge regarding the rendering of services that the municipalities are responsible, upon the request of the governor, would be rendered by the DIMC. By this regulation, the central administration would intervene into the budgets of the local administration, and a new obstacle would be built against the financial autonomy (Gürbüz et al., 2014: 115).

1.4. Financial Regulations

As it is evident, the municipalities need a sufficient budget to render the services that they are obliged to carry out. This budget is composed of the revenues from the general taxes and from their own revenues that they obtain within the authority provided to them by laws. However, when the incomes of municipalities are analyzed, it can be observed that the overwhelming proportion of their income is obtained from general tax incomes (Yıldırım, Gül and Akın, 2015: 220). Thus, while the scope of authority of the metropolitan and metropolitan district municipalities has been expanded through the Law No. 6360 which is issued to spread the unicity model to all metropolitan municipalities under the administrative boundaries of the cities, the regulations have been entered into force to increase the financial means of the local governments (Zengin, 2014: 104). Accordingly, the ratio that is spared from the revenues of the general budget with the shares of the metropolitan municipalities and special provincial administrations from the tax revenues has been amended.

In the Law on Apportionments from General Budget Tax Revenues to Special Provincial Administrations and Municipalities which was issued in 2008, it is stated that:

“Article 2 – (1) A share of the sum of general budget’s collection of tax revenues shall be given to the special provincial administrations and municipalities.

The share is calculated over the net sum that is deducted from the sum of general budget's collection of tax revenues after subtracting the tax returns.

(2) 2.85 percent of the sum of general budget's collection of tax revenues is shared for the municipalities except the metropolitan municipalities, and 2.50 percent is for the district municipalities, and 1.15 percent is for the special provincial administrations."

By the Law No. 6360, the relevant article has been amended as such:

"Article 25 (2): 1.50 percent of the sum of general budget's collection of tax revenues is shared for the municipalities except the metropolitan municipalities, 4.50 percent is for the metropolitan district municipalities in the metropolitan municipalities, and 0.5 percent is for the special provincial administrations."

Accordingly, based on the amendment through the Law No. 6360, the share of the municipalities except the metropolitan municipalities obtained from the general budget's tax revenues dropped from 2.85 percent to 1.50 percent, and the share given to the special provincial administrations also went down from 1.15 percent to 0.5 percent; however, the share of the metropolitan district municipalities of the metropolitan municipalities rose from 2.50 percent to 4.5 percent. The 90 percent of the 4.5-percent share for the metropolitan district municipalities shall be distributed according to population, and the 10 percent of it according to surface area. The 30 percent share which is stated to be taken from the metropolitan district municipalities and given to the metropolitan municipalities through the Law No 5779 remains unchanged (Karasu, 2013: 6; Çelikyay, 2014: 18).

As known, the 6-percent share of the sum of general budget's tax revenues, except for the revenues obtained from the goods indicated in the List (I) enclosed to the Law no 4760 'Law on Special Consumption Tax', collected in the boundaries of the metropolitan municipalities is transferred to metropolitan municipalities. The 60 percent of this 6-percent revenue is directly transferred to the account of the relevant metropolitan municipality, and the 70 percent of the remaining 40 percent is shared according to population, and the 30 percent is shared based on surface area among the metropolitan municipalities. Additionally, the share of 1/1000th of the ascertained sum of general budget's collection of tax revenues is placed in the budget of the Ministry of Finance and spared as equalization allowance to be used for the municipalities whose populations reach up to 10.000 people.

The before and after situation through the Law No. 6360 is shown in Table 1.

Table 1: The Distribution Rates of General Budget's Tax Revenues before and after the Law No. 6360

Local Government Units	Before the Law No. 6360 (%)	After the Law No. 6360 (%)
Province municipalities and municipalities	2,85	1,50
Special provincial administrations	1,15	0,50
Metropolitan district municipalities	2,50	4,50
Metropolitan municipalities	5	6

Source: The Law No. 5779 and the Law No. 6360.

It can be seen in the table that, by the Law No. 6360, there has been a proportionally increase in the shares of metropolitan district municipalities and metropolitan municipalities except for the shares of province municipalities, district municipalities, and the special provincial administrations. On the other hand, while the share of provincial and district municipalities and the special provincial administrations appears to decrease, the amount of share per capita increases as the number and population of those local administrative units decrease (Bingöl et al., 2013: 60).

Another important regulation that the Law No. 6360 introduced is that the increase in the share transferred from the general budget's tax revenues to the metropolitan municipalities shall not be higher than 20 percent of the share that accrued at the same month of the previous year (Yıldırım et al., 2015: 221). Thus, the metropolitan municipalities would benefit from the increases of tax revenues within the boundaries of the province without any limitation. This provides an important advantage for the metropolitan municipalities where there are more people and where more taxes are collected (Çelikyay, 2014: 18).

Additionally, by the Law No. 6360, the people who live in villages that would be included in the territories of the metropolitan municipalities, shall be required to pay property tax in accordance to the Property Tax Law numbered 1319 and pay tax, fees and contributions according to the Law on Municipal Revenues numbered 2464. As known, the property and territory taxes, according to the 8th and 16th articles of the Property Tax Law, within the limits of the metropolitan municipalities shall be increased by 100 percent. Thus, the property tax in residences would be 0.2 percent, in all other buildings it would be 0.4 percent, the territory tax would be 0.2 percent and the land tax would be 0.6 percent. Thus, those who live in those villages have to pay those taxes with a 100 percent increase.

Until this section, the law amendments in the municipal system of the metropolitan municipalities have been outlined. In the next section, the effects of those changes on the financial structures will be analyzed.

2. THE ANALYSIS OF THE LAW NO. 6360 ON THE FINANCIAL STRUCTURE OF THE METROPOLITAN MUNICIPALITIES

2.1. The Analysis of the Revenues

As stated previously, parallel to the increasing duties and authorities of the local governments by the Law No. 6360, they have been endeavored to be strengthened in terms of financial structure. Accordingly, in the table below, the change in the general budget's tax revenues transferred to the metropolitan municipalities is assessed through the comparison of the period before and after the Law No. 6360. As already known, the 36th article of the Law No. 6360 that revised the shares of the metropolitan municipalities that they take from the general budget's tax revenues, was enacted in the first local elections (March 14th, 2014), the mentioned date will be taken as the point of reference for comparison.

Table 2: The Total Share of General Budget's Tax Revenues for Cities (1.000 TL)

Cities	Previous System (April 2013-March 2014)	New System (April 2014-March 2015)	Difference	Increase Rate (%)
1 Tekirdağ	265.075	548.321	283.246	107
2 Muğla	218.992	446.468	227.476	104
3 Erzurum	257.176	501.911	244.735	95
4 Van	275.561	533.246	257.685	94
5 Balıkesir	321.041	559.164	238.123	74
6 Denizli	286.360	463.453	177.093	62
7 Hatay	412.613	667.120	254.507	62
8 Malatya	237.285	376.557	139.272	59
9 Kahramanmaraş	323.036	498.821	175.784	54
10 Aydın	284.518	437.267	152.750	54
11 Trabzon	219.207	336.612	117.405	54
12 Manisa	402.532	613.072	210.540	52
13 Konya	750.393	1.120.945	370.552	49
14 Mardin	226.078	333.060	106.982	47
15 Şanlıurfa	488.185	695.865	207.680	43

Cities		Previous System (April 2013-March 2014)	New System (April 2014-March 2015)	Difference	Increase Rate (%)
16	Antalya	755.996	1.065.642	309.646	41
17	Ordu	216.011	303.968	87.957	41
18	Eskişehir	324.570	433.199	108.629	33
19	Diyarbakır	518.580	684.055	165.475	32
20	Samsun	424.268	553.896	129.628	31
21	Kayseri	495.990	635.639	139.649	28
22	Mersin	750.541	926.075	175.534	23
23	Sakarya	313.562	365.770	52.208	17
24	Adana	797.966	908.775	110.809	14
25	Bursa	1.143.211	1.245.006	101.795	9
26	İzmir	2.660.983	2.868.758	207.775	8
27	Kocaeli	1.228.763	1.321.412	92.649	8
28	Gaziantep	658.153	697.258	39.104	6
29	Ankara	2.972.575	3.138.173	165.598	6
30	İstanbul	9.114.621	9.454.193	339.572	4
TOTAL		27.343.845	32.733.704	5.389.859	20

Source: (Arıkboğa, 2015).

When Table 2 is analyzed, after the Law No. 6360, in all of the 30 cities of the metropolitan municipalities, there appears an increase in the shares taken from the general budget's tax revenues. However, the increase rate of the shares differs among different metropolitan municipalities, the increase rate in the shares range between 4 and 104 percent. As seen above, the most advantageous cities in the new system are Tekirdağ, Muğla, Erzurum and Van respectively; and the cities that have no advantage in the new system are İstanbul, Ankara, Gaziantep, Kocaeli, İzmir and Bursa. The increase rate of revenues in those cities remained below 10 percent. In the same period, the share ratio that all metropolitan municipalities take from the general budget's tax revenues increased by 20 percent on average.

Table 3: Total Revenue of Metropolitan Municipalities (1.000 TL) and The Change in the General Budget's Tax Revenues (GBTR)

	Total Revenue	GBTR	Total Revenue/ GBTR	GBTR Increase Rate (%)	Total Revenue Increase Rate (%)
2010	13.322.111	8.636.472	64,8	-	-
2011	15.560.584	10.256.767	65,9	18,8	16,8
2012	17.228.427	11.874.411	68,9	15,8	10,7
2013	20.719.833	13.952.531	67,3	17,5	20,3
2014	29.823.555	19.911.610	66,8	42,7	43,9
2015	33.181.095	24.894.872	75,0	25,0	11,3

Source: Author's calculation based on the data from General Directorate of Public Accounts.

When the share that the metropolitan municipalities take from the general budget's tax revenues is evaluated, it can be seen in Table 3 that especially after 2015, those shares constitute the vast majority of the incomes of metropolitan municipalities. The reason is that the Law No. 6360 has just increased the share without making any changes in other items of their revenues. The mentioned situation can be clearly seen in the data that belong to 2014. The year of 2014, the time when the Law No. 6360 was started to be implemented, the amount of share that the metropolitan municipalities obtain from the general budget's tax revenues increased by 42.7 percent. Furthermore, metropolitan municipalities obtained 75 percent of their total revenues from the general budget's tax revenues in 2015. Thus, at this point, it is possible to say that the metropolitan municipalities heavily depend on the revenues coming from the central administration.

2.2. Expenditures and the Analysis of Budget Balance

As expressed above, the law no. 6360 includes the regulations that increase the scope of responsibilities and authority of the metropolitan municipalities and also their revenues. It was also stated in the reasoning of the law that the economies of scale was emphasized, and the notion of unicity would prevent waste of resources, and thus would provide efficiency in the rendering of services, and more and quality services would be provided at a lower cost. However, when the implementation is evaluated, it can be concluded that the expectations from the Law No. 6360 have not fully materialized. As it can be seen from the table below that, despite an increase in the revenues, there were significant increases in the expenditures of the metropolitan municipalities, and when compared with the period before the Law No. 6360, there were significant imbalances in the budget, so that those imbalances gave rise to budget deficits in the budgets of the metropolitan municipalities.

Table 4: Budget Balance of Metropolitan Municipalities (1.000 TL)

	Total Revenue	Total Expenditure	Budget Balance	Expenditure Increase Rate (%)	Revenue Increase Rate (%)
2010	13.322.111	13.836.250	-514.139	-	-
2011	15.560.584	15.570.973	-10.389	12,5	16,8
2012	17.228.427	16.837.380	391.047	8,1	10,7
2013	20.719.833	22.681.953	-1.962.120	34,7	20,3
2014	29.823.555	30.376.234	-552.679	33,9	43,9
2015	33.181.095	35.130.964	-1.949.869	15,7	11,3

Source: Author's Calculation based on the data from General Directorate of Public Accounts.

As it is evident, especially in 2015, the metropolitan municipalities were subject to large amounts of budget deficits. As a result, it is clear that a low cost service rendering to be created by the economies of scale as proposed by the law was not accomplished. In other words, it is apparent that optimal use of the resources was not ensured due to the increase in the expenditures of the municipalities instead of remaining the same or decreasing.

At this point, it is beneficial to explain the concept of optimal size of municipalities as emphasized in the reasoning of the law. Tortop (1995) explains the optimal municipality size as *"the municipality having the necessary amount of population and land to render public services efficiently"* (Tortop, 1995: 21). According to Arıkboğa, (2007), the appropriate size of a municipality is equivalent to the type of service, its properties, and the society (Arıkboğa, 2007: 2). However, Keleş (2006) defines the optimal size of a city as the reflection of an attitude towards a city, and there is no single criterion that can be applied for every city and every type of service (Keleş, 2006, cited in Atmaca, 2013: 171).

Besides, there are considerable studies on the positive or negative side regarding the rendering of more efficient and useful services through scale growth in the local governments. However, a different aspect from those approaches was put forward by Hirsch. Hirsch (1959: 233-236), divides the services by the local governments into three categories. These are, vertically integrated, horizontally integrated, and circularly integrated services. The vertically integrated services are expected to be most affected from the economies of scale, because supplying water, collection of the wastewater, cleaning and release could be very expensive when these services are provided through separate units. The circularly integrated services are expected to comply with the economies of scale if personnel overlaps and surpluses are prevented. The horizontally integrated services are expected

to be difficult to achieve economies of scale. Hirsch (1968: 504-512) reports that in regards to the vertically integrated services, the economies of scale are considerably achieved, in the circularly integrated services, small amounts of economies of scale are achieved, and in the horizontally integrated services, the economies of scale are not achieved (cited in Gustely, 1977: 352-353).

Hence, in the reasoning of the Law No. 6360, the success of the unicity project in the cities of İstanbul and Kocaeli was mentioned, and also it was predicted that the same result would have been taken from other cities as well. However, as indicated above, İstanbul and Kocaeli are cities which provide vertically integrated services as similar to the differentiation made by Hirsch and in these regions, by achieving the economies of scale, an effective service was provided. Because these cities, despite of having populated regions, are a lot smaller than other metropolitan municipalities in terms of surface area. However, because of the reason that the horizontally integrated services are very common in other metropolitan municipalities, it was not possible to achieve the economies of scale in those cities. As a result, due to the lack of implementation of economies of scale in the metropolitan municipalities whose duties, authorities and service areas have all increased, their expenditures have significantly increased, and therefore, they have started to experience large amounts of budget deficits.

Thus, it seems that it is difficult to maintain in a lucrative way the sharing of duties, authority and areas of responsibility among the metropolitan municipalities that was changed by the Law of Metropolitan Municipalities. In the providing of the local services that are supposed to be provided by the metropolitan municipalities to the places that require them, the geographical size and location of the city would affect the quality and unit cost of the services as well as the prompt delivery of the services (Yıldırım et al., 2015: 224). In other words, in the cities that do not display unity in terms of geographical, socio-economic and cultural characteristics, the physical distances would increase the unit cost of the municipal services. These issues would cause serious problems in the providing of services by the metropolitan municipalities, and it would not be possible for the citizens to benefit equally and sufficiently from the services provided.

The mentioned situation that shows the change in the expenditures is shown in the table below. Due to the transfer of the personnel working for the provincial city administrations to the metropolitan municipalities by the Law No. 6360, there was an increase in the personnel expenditures of the metropolitan municipalities as it is expected. When the distribution of the expenditures of the metropolitan municipalities is examined, disproportionately, the purchase of

goods and services and the capital expenditures constitute 75 percent of the total expenditures. Moreover, in those spending items indicated in 2015, there had been a tremendous increase as compared to 2013. Especially, the purchase of goods and services almost doubled, the capital expenditures have increased by fifty percent. As a result, in the application of the unicity, the economies of scale were not utilized, and the metropolitan municipalities faced budget deficits.

Table 5: The Expenditures Distribution of Metropolitan Municipalities (1.000 TL)

Expenditures	2013	2014	2015
Personnel Expenditures	1.969.819	3.082.843	3.473.337
Social Security Payments	308.463	483.625	546.592
Purchases of Goods and Services	6.097.047	8.691.878	11.830.744
Interest Expenditures	593.749	889.864	902.409
Current Transfers	1.270.381	1.606.878	2.063.199
Capital Expenditures	9.715.562	13.586.856	13.983.178
Capital Transfers	722.447	672.174	1.020.101
Lending	2.004.485	1.362.116	1.311.404
Total	22.681.953	30.376.234	35.130.964

On the other hand, it can also be concluded that there has been a partially recovery in the debt structure of metropolitan municipality. When the data in the following table is analyzed, while there has especially been a decrease in the bank loans, the external debt of the metropolitan municipalities in 2015 has remained constant when compared to 2013. However, their debt to the public administrations has increased. When it comes to custody accounts and tax and social security debts, there has been a considerable increase in these accounts. This is because metropolitan municipalities compensated their funding necessities by defaulting their custody and tax and social security liabilities.

Table 6: The Liabilities of Metropolitan Municipalities

Year	Bank Credits	Financial Liabilities to Public Administrations	External Financial Liabilities	Custody Accounts	Tax and Social Security Debts	Total
2013	10.850.211,20	7.331.151,30	6.812.988,60	2.364.472,00	125.622,80	27.484.445,90
2014	12.552.000,90	7.952.812,90	6.284.759,00	3.686.469,50	474.883,80	30.950.926,10
2015	6.811.192,10	8.360.031,60	6.951.333,00	5.008.525,80	613.834,00	27.744.916,50

Source: General Directorate of Public Accounts.

Furthermore, it is evident that, as indicated above, the debt in the budgets of the metropolitan municipalities, in the long run, is likely to create a serious pressure on their burden of debt. In this context, it can be expected that there will probably be an increase in the budget burden of metropolitan municipalities in the long term because an increase in the revenues of the municipalities that would reduce their burden of budget deficit is not expected in response to their increasing responsibilities, authority and duties, unless a new regulation is entered into force. Consequently, because there are a number of services that those municipalities have to provide, it puts them under pressure in terms of their finances, and the insufficiency of the shares from the central administration's tax revenues and of their own financial sources would force them to borrow more.

2.3. The Taxation Issue of Those Who Live in the Metropolitan Municipalities

According to the Decree of the Council of Ministers numbered 95/6430, regarding the Income Tax Law numbered 193, within the regular provincial municipal limits, under the condition that they have all other requirements, some taxpayers who were taxed based on the simple tax entry, lose their right to benefit from the simple procedural tax, and starting from the first day of the next calendar year, they would be taxed based on the real tax when the city municipality in which they work, turns into a metropolitan municipality. Again, to do the indicated jobs, the taxpayers, who would register for the first time, cannot benefit from the simple tax entry and they will be taxed through the accrual procedural tax. Thus, in the city limits turned into a metropolitan municipality, for the taxpayers who engage in activities indicated in the Decree of the Council of Ministers numbered 95/6430, the conversion of the city municipality into a metropolitan municipality had created a disadvantage for them. However, the situation was amended, as a result of the changes that were entered into force in the mentioned Decree through the Decree of the Council of Ministers dated 2/7/2013 and numbered 2013/5080. According to this Decree, the places that have a metropolitan municipality and which are included within the boundaries of a metropolitan municipality would be exempted from the rule, and in those places, and the taxpayers who run a business regarding the types of jobs listed in the decree numbered 95/6430 are all taxed based on the simple procedure tax given that they meet other requirements.

In regard to the property tax, the tax levied on estate, territory, and lands within the limits of the municipality and adjacent areas which are in the scope of Metropolitan Municipality Law is applied incrementally (one hundred percent)

according to the 8th and 18th articles of the Property Tax Law numbered 1319, when compared to the property tax rate at other places. (Adıgüzel, 2012: 171). Thus, a doubled rate is taken from the estate, territory, and lands within the limits of the municipality and adjacent areas when compared to the property tax rate at other places. This situation results in an extra burden for those taxpayers who have property in the places converted from the provincial municipalities to the metropolitan municipalities.

Although, according to the provisional article of the Law No. 6360, the property tax in the villages that were converted into neighborhoods that shall be taken from those living in these villages due to the Property Tax Law numbered 1319, and the tax, fees and contributions that shall be taken from those residents based on the Municipality Revenue Tax numbered 2464 and dated 26.5.1981, is not going to be taken for a period of five years; the mentioned five year period is going to end in March 2019, and after that date, property tax will be taken from those who reside in those places.

Additionally, after the tax rate, taken from the properties in the limits of the metropolitan municipalities and adjacent areas, being more than hundred percent, the contributions regarding the protection of immovable cultural assets doubled, and the taxpayers who have property in the municipal limits of the city that would turn into a metropolitan municipality, are going to pay a doubled property tax and the contributions. Therefore the conversion of the city municipality into a metropolitan municipality means a disadvantage for those taxpayers.

CONCLUSION

In this study the outcomes of the implementation of the new system particularly on the financial structure of the metropolitan municipalities are revealed by providing general information about the system introduced by the Law No. 6360. Accordingly, in the new model, the implementation area of the metropolitan municipality is determined as the city scope, and this model is not only a model of metropolitan municipality, but also introduces a united method of local government combining the metropolitan municipality with the city municipality, village and special provincial administration. In other words, the metropolitan municipalities are given the chance to rule a larger area composed of the administrative boundaries of the city, not just the cities themselves, and shortly, the implementation of unicity is materialized. The new regulations enacted

due to the economic reasons regarding the effectiveness and efficiency in services, have increased the duties, authority, and responsibilities of the metropolitan municipalities. Thus, it can be mentioned that the new regulations regarding the financial structure of the metropolitan municipalities have positive effects on the new metropolitan municipality system.

However, it can also be concluded that the increase in the revenues of the local governments whose authority, responsibility and area of operation are pretty large, are still insufficient because the mentioned law does not regulate the capacity of local governments to create their own revenues; instead, it gives rise to an increase the amount of shares that are transferred from central government. As a result it can be indicated that there has been an increase in the dependency of the metropolitan municipalities to the central government in terms of their revenue.

The new system also leads to the growth of the problem of optimal scale regarding the metropolitan municipalities. It was quite controversial whether to what extent the metropolitan municipalities, which existed before the Law No. 6360, provided efficient and effective services as compared to the resources that they had been using, the expansion of their areas of responsibility as covering the boundaries of the cities, introduced new problems in ensuring efficient and effective optimal municipality understanding.

As a result, for an efficient and effective municipal administration, the revenue structure of the municipalities should be autonomous, and the problems of the municipalities should be solved immediately. In this regard, it is a significant requirement for municipalities to be entered into force the necessary regulations strengthening their financial structures.

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