



Abstract

A Study on Fiscal Decentralization of Government and Fiscal Innovation Strategy of Local Government

The purpose of this study is to suggest fiscal innovation plans for efficient urbanization by analyzing the effects of the government's fiscal decentralization status of Gyeonggi-do.

For this purpose, we examined the concept of decentralization and the historical development of financial decentralization theory. In addition, we also reviewed the fiscal relations cases between OECD governments and analyzed the cooperative decentralization structure of Northern Europe. After that, we estimated the impact of the first phase of decentralization by dividing it into local consumption tax, local income tax, and local grant tax increase.

Nextly, we reviewed local tax and debt innovation as a measure of fiscal innovation on the side of tax revenue, and examined financial management innovation plan of the local council on the side of expenditure.

We could derive the following economic plans according to the result of the research.

First, the direction of fiscal innovation for Gyeonggi-do should be able to secure autonomy of fiscal management based on fiscal decentralization.

In terms of revenue, the following has been proposed; ① Reorganization of local taxation system and introduction of land property holding tax, ② Introduction of ‘agreement of residents’ for strengthening the positive function of local bond, ③ Revision of regional synergistic development fund, etc.

Second, accountability based on fiscal decentralization should be secured. In terms of appropriations, this study proposed reorganization of the local fiscal management system, and fiscal management with establishing local council governance cooperation through the executive department and participation of resident.

The findings are expected to help local governments, including Gyeonggi Province, cope with fiscal decentralization in the future.

Keyword

fiscal decentralization, fiscal innovation plan, local tax, local debt