

# LOCAL TOURISM DEVELOPMENT: EARMARKED TAXES FOR ENHANCING TOURISM IN SLOVENIAN MUNICIPALITIES

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**Abstract** Slovenia has built a system of local self-government within the main provisions of the European Charter on local self-government. According to the local Self-Government Act, municipalities have some competences in individual areas of development, including tourism. However, the existing system could further benefit from enhancing local autonomy – whether in policy scope or fiscal capacity. Municipalities are not stimulated to engage in proactive management of local policies and services, and although the competences of municipalities are regulated (and protected) by the Constitution, the Local Self-Government Acts and special laws, some policy areas are too loosely defined and rely heavily on the agendas of individual local governments. In this contribution, we address the question of how municipalities collect resources to develop tourism, and what are the issues in planning tourism-related investments.

**Keywords:**  
tourism  
development,  
municipalities,  
tourism tax,  
investment,  
local budget

## 1 Introduction

Until 2019, tourism in Slovenia was a story of success. After slow and rough recovery from the split of Yugoslavia in 1991, which caused a 74% drop in international arrivals and overnight stays, in 2019 more than 6 million tourist (both domestic and international) were counted and more than 15.7 million over-night stays were recorded (STO 2019, p. 5), with statistics showing this was the sixth consequent year of growth in numbers of both arrivals and overnight stays, as well as tourism receipts. Tourism has grown to become an important part of the Slovenian economy, representing 5.3 % of joint contribution to GDP and employing 6.5 % of the working population (ibid). Since 2014, Slovenia has been changing its tourism policy by introducing sustainable criteria for further development through a national certification scheme, called the Green Scheme of Slovenian Tourism (Rangus, Božinovski & Brumen 2008, p. 229). With the introduction of this, Slovenia has become a role model at the international level in sustainable tourism development (Weston et al. 2019) and has been recognized several times as a sustainable and green destination, including being the first state to be awarded with the Green Destination certificate in 2016. Since then, Slovenia has often been put on different lists of recommended and top destinations by established travel guides, travel agencies, journalists, travellers, tourism organizations, and so on. <sup>1</sup>

However, the restrictions related to the COVID-19 pandemic, imposed by governments in 2020, have brought tourism to a standstill for periods ranging from weeks to months, thus causing a serious fall in tourism arrivals in Slovenia. This new situation in tourism has opened a window of opportunity for critical reassessment of Slovenian tourism policy. In this contribution, we analyse the provisions of laws on tourism development at the local level, with special emphasis on tourism tax collection and distribution.

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<sup>1</sup> For example Lonely Planet, Conde Nast Travel, and Terry Stevens.

## **2 Local Self Government in Slovenia**

The right to local self-government in Slovenia is granted by the Constitution, and the new, post-socialist local self-government system has been functioning since 1995. According to the Constitution, the basic unit of local self-government is the municipality. Municipalities are established and their territory is determined by a separate law.

The Constitution has defined two tiers of local self-government, municipalities, and regions (*pokrajine*), and the regional level is so far not established. As such, Slovenia has only one level of sub-national government: the municipalities. Out of 212 municipalities, 12 are urban municipalities (a municipality may be granted this status if it is a town with at least 20,000 inhabitants, 15,000 active jobs are situated in its territory, and it is an economic, cultural, and administrative center of a wider area).<sup>2</sup> A municipality comprises one or more settlements connected by common needs and interests, and that has at least 5,000 inhabitants. After the local self-government system was first implemented in 1994 a total of 147 municipalities were established, another 45 municipalities then followed in 1998, an additional one in 2002, 17 in 2006, and two in 2010. Altogether there are now 212 municipalities, although around half have less than 5,000 inhabitants and not all meet the legislative criteria for establishment.

The basic mission of a Slovenian municipality is to take care of local affairs, within the framework of the law. That includes primary education (school buildings and facilities), social welfare (childcare, elderly care and social assistance), health (primary health care and pharmacies), social housing, culture and leisure (museums, libraries, theatres, sport facilities, leisure centres) and local public utilities and networks (waste and water management, urban city transport, local road network, urban heating, etc.). The central government can transfer certain responsibilities to the municipalities if it provides the necessary financial means (Art. 140, Constitution). Municipalities autonomously regulate and perform the duties and functions assigned to them by law.

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<sup>2</sup> Urban municipalities have the same competences as municipalities. However, in accordance with the Constitution and within their competence, urban municipalities may also exercise transferred state administrative tasks, which refer to the development of the town.

According to the Local Self-Government Act (Article 21):

Local matters of public interest (of the original tasks) [are] determined by law or by the general act of a municipality shall be independently performed by the municipality. To satisfy the needs of its inhabitants, a municipality shall perform primarily the following duties and functions:

- manage the assets of the municipality.
- provide the conditions for the economic development of the municipality and in accordance with the law carry out tasks in the areas of catering, tourism, and agriculture.
- plan spatial development, carry out tasks in the areas of encroachments in physical space and the construction of facilities in accordance with the law, and shall ensure the public service of the management of building land.
- create the conditions for the construction of housing and provide for an increase in the rent/social welfare housing fund.
- regulate, manage, and provide for local public services within its jurisdiction.
- promote the services of social welfare for pre-school institutions, for the basic welfare of children and the family, and for socially threatened, disabled and elderly people.
- provide for protection of the air, soil, and water sources, for protection against noise and for collection and disposal of waste, and perform other activities related to protection of the environment.
- regulate and maintain water supply and power supply facilities.
- create conditions for adult education, important for the development of the municipality and for the quality of life of its population.
- promote activities related to upbringing and education, information and documentation, associations, and other activities on its territory.
- promote cultural/artistic creativity, ensure accessibility to cultural programs, ensure library activity for general education purposes, and shall be responsible for preserving cultural heritage in its territory in accordance with the law.
- promote the development of sports and recreation.
- construct, maintain and regulate local public roads, public ways, recreational and other public areas.

- regulate traffic in the municipality and perform tasks of municipal public order.
- exercise supervision of local events.
- organize municipal services and local police and ensure order in the municipality.
- provide for fire safety and organize rescue services.
- guarantee extrajudicial settlement of disputes.
- organize the performance of funeral and burial services.
- determine offences and fines for offences violating municipal regulations and inspect and supervise the implementation of municipal regulations and other acts, which it shall adopt to regulate matters falling under its jurisdiction, unless otherwise determined by law.
- adopt the statute of the municipality and other general acts.
- organize municipal administration.
- regulate other local matters of public interest.

The competences of municipalities are regulated by the Constitution, the Local Self-Government Act and special laws, and by autonomous local regulations. The financial resources of the municipalities are defined in the Constitution that grants them sufficient financial sources of their own as part of the state's economic policy, which municipalities then use at their discretion within their competences.

## **2.1 Development of tourism at the local level**

As stated in the previous chapter, within the competences of municipalities, there are several provisions related directly and indirectly to tourism development. Municipalities are responsible for providing conditions for economic development, including that related to tourism.<sup>3</sup> In spite of existing national tourism policy and administrative structures, established to run activities at the national level, actual development relies heavily on the lowest level of state government and administration (Koprivnikar Šušteršič 2002, p. 20). Research shows that the local administration, especially the mayor, play a vital role in tourism development (Žibert et al. 2020). In the absence of second tier of local government, municipalities are left

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<sup>3</sup> Local Self-Government Act, Art. 21.

alone to deal with tourism management or find cooperation with neighbouring municipalities. Tourism is in theory considered as an opportunity for local economic development and community empowerment, especially in those areas that lack industrial resources or strong business traditions<sup>4</sup>. These tasks are very challenging for smaller communities with little or no tourism development, which usually also lack the human resources, knowledge and skills needed.

In addition to the provisions of the Local Self-Government Act, municipalities are also identified as the basic units of tourism management by the green policy for Slovenian tourism and the Green Scheme of Slovenian Tourism. Receiving the SLOVENIA GREEN label is a good form of promotion for a destination, and stakeholders and managers acquire new knowledge and competencies in the field of green management when designing the related activities. To win this label the destination, i.e. the municipality, must manage and monitor tourism flows, collect, and analyse specialized data, carry out successful communication with relevant tourism stakeholders and produce strategies for the sustainable environmental, social, and economic development of tourism at the local level. Acquiring the certificate of the green scheme primarily raises the need for organization at the destination, especially where there is no previous structure or an organization that would deal with tourism. On the other hand, the functioning of destinations and providers according to the principles of the green label improves the communication of the destination and its offer to foreign and domestic guests, and at the same time raises the awareness of the local population in the direction of sustainable operations in their hometown and its immediate environment (Rangus et al, 2018).

Considering the presented tourism policy directions and provisions of the Local Self-Government Act, it seems reasonable that these tasks in the field of tourism are performed by the municipality, as they are obliged by law to collect data, develop, and protect the environment and culture, promote the economy, secure democratic procedures, and regulate local affairs in the public interest. However, these processes pose serious challenges for smaller municipalities, since there is a lack of knowledge and skills within smaller local self-governments, that have on average lower administrative capacity (Prebilič & Bačlija, 2013). Establishment of specialized

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<sup>4</sup> For example Hall (1994, 2005, 2008), Goeldner and Brent Ritche (2012), Wall and Mathieson (2006), Edgell and Swanson (2019) and other.

public organizations, dedicated to tourism development, is thus often too costly for smaller municipalities.

### **3 Financial resources of municipalities**

The financial resources of municipalities are stipulated in the 142nd Article of the Constitution, which states that: “A municipality is financed from its own sources. Municipalities that are unable to completely provide for the performance of their duties due to insufficient economic development are assured additional funding by the state in accordance with principles and criteria provided by law.” Additionally, the Constitution states in the first paragraph of the 146th Article that “local communities raise funds for the performance of their duties by means of taxes and other compulsory charges as well as from revenues from their own assets,” and further, in the second paragraph of the 147th Article, that “local communities impose taxes and charges under conditions provided by the Constitution and law.” However, the central government has never waived its fiscal sovereignty over the past two decades.

When prescribing tax and other duties, municipalities are limited by legal frameworks, so that their rights referring to the material basis for the implementation of local self-government are always executed based on the acts adopted or deriving directly from the Constitution.

As laid down in Article 53 of the Local Self-Government Act, municipalities are entitled to the following revenues for the purposes of financing local affairs of public significance:

1. property tax,
2. inheritance tax and gifts,
3. tax on prizes from games of chance,
4. tax on real property transactions,
5. other taxes as specified by the law.

Article 6 of the Financing of Municipalities Act stipulates that the sources of financing municipalities are municipal budget revenues deriving from:

Municipal own tax sources:

- property tax,
- vessel tax,
- tax on real estate transactions,
- inheritance and gift tax,
- tax on winnings from conventional games of chance, and
- any other tax where so provided by the act governing taxes.

Municipal own non-tax (other) sources:

- imposed contributions,
- fees (dues),
- fines,
- concession fees,
- payments for local public services, etc.,
- (environmental taxes).

### **3.1 Tourist tax: earmarked?**

The Promotion of Tourism Development Act<sup>5</sup> is the legal framework for defining the tourist tax in Slovenia, which is one of few tax burdens that is the under authority of local governments. Local councils decide if a tourist tax is to be implemented and who is to be taxed (discretion to decide if additional groups of users will be charged – e.g., real estate owners that use facilities for their own leisure, overnight stays in vessels – or if some groups are excluded from paying the tax – thus promoting specific types of activities). The cap on taxation is 2.5 EUR (stipulated in the Promotion of Tourism Development Act) and the tax is earmarked, thus the municipality can finance tourism promotion and other activities as follows:

1. information-related tourism activities, which include:
  - informing tourists, including tourists with special needs,
  - collecting data for the purpose of informing visitors,

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<sup>5</sup> Official Gazette of RS, No. 13/18.



- determining the opinions of visitors on the quality of the tourist offer,
  - receiving and forwarding proposals and complaints from visitors regarding the tourist offer to the competent authorities,
  - arranging and maintaining tourist signage,
2. promoting the development of comprehensive tourist products of the tourist area,
  3. marketing of a comprehensive tourist offer at the level of the tourist area,
  4. promotion of tourism in the digital environment,
  5. protection of immovable monuments of local and national importance,
  6. development and maintenance of tourist infrastructure,
  7. development and maintenance of public areas intended for tourists (maintenance and arrangement of parks, green areas, flower plantations, mountain, and thematic trails, etc.),
  8. regulation and inclusion of protected natural areas in the tourist offer, taking into account the acts on insurance and in accordance with the development guidelines and protection regimes in the protected areas,
  9. organization and implementation of events,
  10. raising awareness and encouraging the local population to have a positive attitude towards tourists and tourism,
  11. other services provided free of charge to tourists in the tourist area (Official Gazette of RS 13/2018, Art. 15).

The activities listed under numbers 4, 5 and 8 are new additions to the Act from 2018, and were not included in the original Act from 2004.

In addition to a tourist tax, accommodation providers are obliged to charge a promotional tax, which is defined as 25% of the tourist tax. The promotional tax is another new addition to Promotion of Tourism Development Act from 2018, and is also earmarked. The promotional tax is considered as a direct source of funds for the national agency in charge of planning and marketing of tourism supply for whole of Slovenia. The tasks assigned to the national tourist agency are defined in the Act and encompass planning, preparation and execution of marketing activities on international markets, including the establishment of a network of tourist offices in foreign countries, establishment and monitoring of an integrated tourist information

system, encouragement of partner collaborations in promotion and product development, and data collection and market analyses.

The promotional tax is collected simultaneously with the tourist tax, and is transferred by the municipalities to the national agency's account eight days after the tourist tax for the past month has been collected.

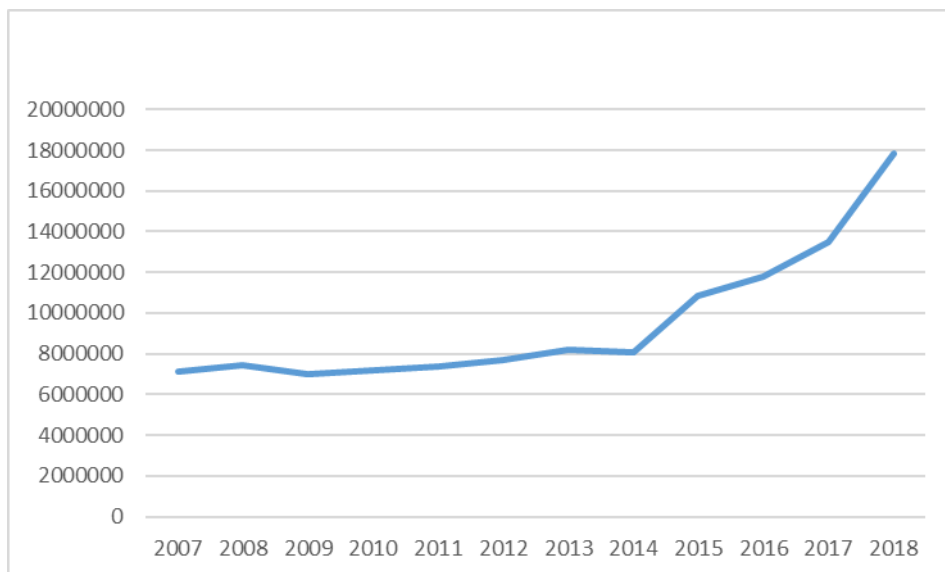
When planning its annual budget, a municipality must follow several acts and other rules, including the Constitution, Local Self-Government Act, Municipal Finance Act, the Public Finance Act, statute of the municipality, and budget manual for the preparation of municipal budgets for each year.<sup>6</sup> On the revenue side of the budget, the touristic tax is categorized as a domestic tax on goods and services under code 704, account 7047 Other domestic tax on the use of goods and service, subaccount 704704 (tourist tax).<sup>7</sup>

Although revenue from the tourist tax is not substantial on average, it can represent up to 12% of total tax revenue in municipalities with highly developed tourism – as seen in the municipality of Kranjska Gora, which in 2016 collected over 600,000 EUR from this tax, with a total tax revenue of 7,500,000 EUR. Overall, there is a trend of growing revenue from the tourist tax from 2014 onwards (see Figure 1) as a direct consequence of record growth in number of tourist arrivals and overnight stays. On average revenue from the touristic tax was about 0.5 per cent of municipal budgets in 2007, and it doubled to about 1% in 2018.

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<sup>6</sup> More information on the rules and procedures available at <https://www.gov.si/teme/financiranje-obcin/>

<sup>7</sup> [https://www.gov.si/assets/ministrstva/MF/Proracun-direktorat/DP-SSFLS/Prirocniki/2\\_priloga\\_2-ekonomska\\_klasifikacija\\_2021.pdf](https://www.gov.si/assets/ministrstva/MF/Proracun-direktorat/DP-SSFLS/Prirocniki/2_priloga_2-ekonomska_klasifikacija_2021.pdf)



**Figure 1: Revenue from the tourist tax in Slovenia (2007-2018)**

Source: Reports on municipal budgets and author's own calculations.

As not all municipalities have tourist capacities (the tourist tax is linked to overnight stay), some get no revenue from this source (see Table 1). In the observed timeframe from 2007 to 2018, 32 municipalities received no income at all from the touristic tax. Others gain revenue through the touristic tax according to their touristic capacity and the number of overnight stays. The revenue gained is earmarked for the promotion of and investment in tourism in the municipality. While earmarked resources are to be avoided from the perspective of the European Charter on Local Self-Government, especially if they are in the form of grants, earmarked own taxes are seen as more suitable for financing local government. This increases the basic freedom of local authorities to exercise policy discretion within their own jurisdiction if they are able to collect some revenue in the form of their own earmarked taxes. According to the OECD (1999) tax autonomy taxonomy, the tourist tax in Slovenia fits in the category b.2, where local government sets the tax rate, and a higher government does set upper or lower levels on the rate chosen. This revenue, however, is still in the category of own taxes.

**Table 1: Average revenue from tourist tax per capita (2007-2018)**

Municipalities with the highest per capita tourist tax revenue (in EUR)		Municipalities with no tourist tax revenue	Municipalities with highest tourist tax revenue in total (in EUR)	
KRANJSKA GORA	118.18	32 <sup>8</sup> municipalities have no tourist tax revenue	PIRAN	1,637,384
PIRAN	94.82		LJUBLJANA	1,197,308
BLED	94.30		BLED	745,623.80
BOHINJ	86.20		KRANJSKA GORA	615,224.90
PODČETRTEK	76.38		IZOLA	458,672.40

Source: Reports on municipal budgets and authors' own calculations.

#### 4 Local budgets and tourism development: a case study

At the local level, tourism is organized in different forms, which has proved to have a significant impact on how local budgets for tourism development are prepared and used.

The organization of tourism, as well as planning and promotion, are under the autonomous control of municipalities. To carry out such tasks, municipalities practices different strategies when it comes to forms of organization. In many smaller municipalities, there is no individual organization or institution dedication to tourism, except for – but not necessarily – a local tourism information centre (i. e. TIC), which often doesn't have any employees. In such cases, tourism tasks are performed by other staff at the local administration offices, leaving tourism development often unplanned and without strategic decisions and actions.

The most common form of organization is a public institute, often covering more than just one area. Tourism is usually combined with entrepreneurship, youth, culture and sport policies, and activities at the local level (for example ZPTM Brežice, CPT Krško, KŠTM, and ŠKTM Radlje). In some other municipalities public institutes dedicated only to tourism development were established (for example Turizem Ljubljana, Zavod za Turizem Maribor, Zavod za turizem Grosuplje, and Turizem Bohinj). In both cases, those public institutes are considered as indirect budget users and as such participate in the budgeting process with proposals and

<sup>8</sup> Braslovče, Črenšovci, Dobje, Dobropolje, Dobrovnik, Dornava, Duplek, Hodoš, Horjul, Kobilje, Kuzma, Log - Dragomer, Markovci, Moravče, Odranci, Oplotnica, Poljčane, Polzela, Rogašovci, Rogatec, Sodražica, Središče ob Dravi, Sveti Jurij, Sveti Jurij v Slovenskih Goricah, Sveti Tomaž, Šmartno Pri Litiji, Tišina, Trnovska Vas, Turnišče, Velika Polana, Zavrč, and Žetale.

prepared projects. A third option is represented by economic interest associations according to Article 563 of the Companies Act. The aim of such an association is to facilitate and promote the gainful activity of its members, to improve and increase the results of this activity, and not to generate its own profit.<sup>9</sup> Members of the association may come from different sectors, public and private, as in the case of Turizem Podčetrtek, Bistrica ob Sotli and Kozje or Turistično združenje Portorož. Some tourism organizations were developed based on volunteer tourism associations at the local level, and play a vital role in local destination management.

For our case study we have selected three municipalities which ranked among the top five of those who have collected highest tourist tax total and highest tourist tax per capita – namely Bled, Piran and Kranjska Gora. We analysed the municipality budget plans for 2018, the last year prior to the change of Act on Promotion of Tourism, which redefined the tourist tax. We limited our research to only program classification of the budget (but not institutional, economic or functional classification) and parallel budget settings with earmarked activities and services as defined by the Article 15 of the Act on Promotion of Tourism. Moreover, only expenditures of municipality administrations were included in the analysis, but not those of the mayor, municipality council or local communities with their own budgets, where they exist. Here we will take into the account the fact that for 2018 the provisions of the old Act were in force, and thus only eight categories of activities and services were defined, as opposed to 11 in the newer version of the Act.

To better understand the process of budget formation, two interviews were conducted: one with a local destination manager and the other with a public official, responsible for tourism development in the municipality administration. Both professionals work in highly developed touristic municipalities, ranking among the top 12 most visited in Slovenia.

When preparing the budget, public tourism management organizations as indirect public spenders are invited to send their suggestions. At the same time, the mayor plans investments, events, promotional activities and tourism expenses in different categories of program classification. According to interviewee 1 (Personal communication, 23.9.2021), the majority of tourist tax is spent directly on the

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<sup>9</sup> Official Gazette of the Republic of Slovenia, No. 65/09 - official consolidated text, 33/11, 91/11, 32/12, 57/12, 44/13 - US decisions, 82/13, 55/15 , 15/17, 22/19 - ZPosS, 158/20 - ZIntPK-C in 18/21.

program classification 1403 Promotion of Slovenia, tourism development and food and beverage sector (subclassifications 14039001 promotion of municipalities and 14039002 Promotion of tourism and food and beverage sector development) and 18 Culture, sport and non-governmental organizations (subclassification 1802 Preservation of cultural heritage, 1803 Programs in culture, 1804 Support for special groups and 1805 Sport and leisure activities). The involvement of local tourism management organizations depends on their legal status, since public organizations are considered indirect spenders of the budget and thus are invited to participate. When private stakeholders are involved in local tourism management organizations, their participation in the budget formation process tends to be more informal and they do not feel powerful enough to force their agendas. Another way to put a tourism project on the agenda is through public discussion, which must always be open for a minimum of 14 days, and through the amendments of members of local councils or through participatory actions, wherever and whenever municipal government allow for this kind of procedure (Interviewee 2, personal communication 23.9.2021). With the process of budget preparation, the room for negotiating tourism policies is open.

Both interviewees emphasized that more money is usually spent for tourism development than the amount of tourist tax collected. Municipalities practice different approaches to this, where some specify detailed expenditures for the tourist tax as an addition to their budgets' preparatory documents (as is the case in Piran and Kranjska Gora), and others do not specify the program classifications where the tourist tax has been used (as in Bled).

In Table 2, budget data is presented based on the analysis of budget plans for 2018, publicly available on the webpages of the selected municipalities. Based on the information from the interviews, special attention was given to program classification in the field of economy, specialized for tourism promotion (1403 classification). Here expenditures were calculated as the sum of all expenditures planned under the 1403 program classification. Moreover, program classification 18 was analysed in more detail due to the interviewees' suggestions. Here, only the subclassifications that could be directly attached to tourism promotion were calculated. To this end, detailed explanations of budgets were consulted that enabled us to discern dedicated expenditures from those that have other specified

justifications in the budget (i.e. support for public libraries was excluded, but investments in sport infrastructure were included).

It is important to note that the data in the Table 2 do not imply direct consumption of the tourist tax in the selected municipalities. As the case of municipality of Piran proves, the tourist tax represents only a share of expenditures planned in selected program classifications and the rest of the tax is distributed among other program classifications, i.e. Distribution of energy resources (No. 12), Transport, transport infrastructure and communication (No.13), and Protection of the environment and natural heritage (No. 15), among others. An analysis of the use of the tourist tax, as prepared by the municipality of Piran as part of budget documents, shows an example of good practice that allows for better understanding of the how collected tax is distributed among different areas of local development. On the other hand, the aforementioned analysis shows that a much bigger amount of funds is invested in tourism than the amount of tourist tax collected. The same could be expected for the other two selected municipalities, even though they did not prepare the same in-depth analysis of tourist tax distribution as Piran. This supports the claim of both interviewees that more money is usually spent for tourism development than money collected through the tourist tax.

**Table 2: Tourist tax in the budgets of selected municipalities for the year 2018**

	Tourist tax collected as planned in the budgets for 2018 in EUR	Expenditures planned on the 1403 program classification in EUR for the budget year 2018	Expenditure planned on the 18 program classification in EUR for the budget year 2018	Expenditures planed for LTO in EUR	Expenditures for the programs of tourist associations in EUR
<b>KRANJSKA GORA</b>	780,000	943,449	937,006	635,849	79,000
<b>PIRAN</b>	2,170,000	2,170,529	2,898,458	858,000	7,300
<b>BLED</b>	1,350,000	802,000	340,000	750,000	25,000

Source: Reports on municipal budgets and authors' own calculations.

Based on the detailed explanations of the budgets, we can observe that municipalities practice different approaches towards distribution of earmarked resources. In the case of Kranjska Gora, investments in the infrastructure and maintenance of public services are listed under program classification 1403 (Promotion of Slovenia,

tourism development and food and beverage sector), while in other two municipalities those are to be found under classification 13 (Transport, transport infrastructure and communication, classification 15 (Protection of the environment and natural heritage), classification 16 (Spatial planning and housing and communal services) and others. In the case of Piran municipality, 12 different program classifications were identified next to those already listed where the tourist tax was distributed, including on the political system, foreign policy, joint administration and public services with other municipalities, local self-government, defence and emergency, labour market and working conditions and health care. These uses of the tourist tax are in accordance with the Act on Promotion of Tourism, but from this example we can see the complexity of the resources used for tourism development and difficulties in tracking the use of the tourist tax.

Another interesting finding is related to the funds planned for local tourist organizations (LTO). In spite of different amounts of touristic tax being collected (or in this case planned), the expenditures planned for LTO vary only slightly. On the other hand, there are big differences in expenditures planned for the tourism programs of civil tourism associations, indicating their different levels of involvement in tourism, but also different traditions of civil tourism associations at the local level.

Based on detailed explanations of the budgets we can also see that there are several other important resources for tourism development, and they vary among municipalities. These include concessions for special gambling, taxes on parking surfaces, user fees for public toilets, rental of public surfaces for tourism activities and sales of good and service in tourism (including parking lots in public ownership).

## **5 Conclusion**

The short analysis of municipal budgets presented in this study gives more insight into how budgets are planned and the tourist tax collected is spent. We have found out that municipalities use different approaches to local tourism management, which has a direct impact on the process of budget planning. When planning budgets and the use of the tourist tax, municipalities use different approaches in placing their tourism projects and funds in the program classification of the budget. Municipalities use differences sources to fund tourism development and the fund



collected usually exceed the amount of tourist tax collected. Whereas there is not much difference observed in funds for local tourism management organizations, municipalities have different practices in supporting local civil tourism associations. Civil tourism associations have played an important role in the history of tourism development in Slovenia, but due to historical circumstances their role today varies from place to place (Repe 2018).

We can thus propose that more attention should be given to the process of budget preparation. A detailed and in-depth analysis of the budget formation process, negotiations for program activities and funds, distribution of power among different stakeholders and more detailed knowledge on the use of the tourist tax in local tourism development would bring new evidence for policy- and decision-makers in the field of tourism and local self-government. An in depth study would be also required on the wider role of local self-government and its contribution to tourism development.

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