

**TAX REVOLTS THROUGH JUDICIAL PROCESS AND ITS FISCAL IMPACT ON LOCAL
GOVERNMENT: THE CASE
OF KAREN- LANGATA DISTRICT ASSOCIATION AND THE CITY COUNCIL OF
NAIROBI.**

CLARENCE AWUOR OTIENO

**A Research Project Submitted In Partial Fulfilment for the Degree of Master of Public
Administration of the University of Nairobi**

NOVEMBER, 2013

Table of Contents

DECLARATION	i
DEDICATION	ii
ACKNOWLEDGEMENT	iii
ABSTRACT	iv
LIST OF TABLES	v
LIST OF FIGURES.....	vi
ACRONYMS AND ABBREVIATIONS.....	vii
CHAPTER ONE:.....	1
1.0 INTRODUCTION.....	1
1.1 Background of the study	1
1.2 Statement of the Research Problem	7
1.3 Research question	9
1.4 Objectives.....	10
1.5 Definition of terms	10
1.6 Justification of the Study	11
CHAPTER TWO:.....	12
2.0 LITERATURE REVIEW	12
2.1 Introduction.....	12
2.2 Theoretical Framework.....	12
2.3 Conceptual Framework	17
2.4 Research Gaps.....	18
CHAPTER THREE:.....	21
3.0 RESEARCH METHODOLOGY	21
3.1 Introduction.....	21
3.2 Research Design.....	21
3.3 Target Population.....	21
3.4 Sampling techniques	22
3.5 Data Collection Techniques.....	23
3.6 Data Analysis and Reporting.....	24

CHAPTER FOUR:.....	25
4.0 STUDY RESULTS	25
4.1 Introduction.....	25
4.2 Background of KLDA and the court case	25
4.3 Revenue collection at CCN.....	27
4.4 Debt Levels at CCN	32
4.5 Coping mechanisms adopted by CCN.....	33
4.5.1 Borrowing.....	34
4.5.2 Enforcement of existing by- laws	34
4.5.3 Introduction of new taxes	35
4.5.4 Other coping mechanisms	36
4.6 Conclusion.....	37
CHAPTER FIVE:	38
5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS.....	38
5.1 Introduction.....	38
5.2 Summary of the findings.....	38
5.3 Conclusions.....	40
5.4 Recommendations	41
5.5 Areas for further study	42
REFERENCES	44
APPENDICES.....	I
Appendix 1 – Nairobi County Map.....	I
Appendix 2 - Karengata Aerial Map (Nairobi)	II
Appendix 3 – Property Rates Zones (Nairobi County)	III

DECLARATION

This research project is my original work and has not been presented for a degree in any other university.

Signature.....

Date.....

Clarence Awuor Otieno

This research project has been submitted for presentation with my approval as the University Supervisor.

Signature.....

Date.....

Dr. Obuya Bagaka

DEDICATION

This project is dedicated to my late dad Hon. Eng. Peter Otieno Owidi.

ACKNOWLEDGEMENT

I thank the Almighty God for seeing me through this course successfully. I owe my sincere gratitude to my supervisor Dr. Obuya Bagaka for always being available to patiently give his guidance and detailed review. To George, Mum, Cyrus, Rose, Christine, Millicent, Kiragu, Jocelyn and Belvas, thank you for your encouragement during this period. You are the best family anyone could pray for.

ABSTRACT

Tax revolts in Kenya have mainly been through the judicial process. Members of the public who are increasingly aware of their rights have on several occasions headed to court to demand that public institutions should not receive or raise taxes without fulfilling their mandate. One of the most organized cases of judicially aided tax revolt in Kenya was the case pitting Karen Langata residents under the umbrella of Karen Langata District Association against City Council of Nairobi in which the court barred the City Council from collection of property rates from residents of the Karen- Langata area. The residents had complained of poor service delivery by the council.

Although judicially aided tax revolts are now a common phenomenon in Kenya, little research had been done on the effect of judicial aided tax revolts on public administration in Kenya. Much of the research into the effects of tax revolts have generally been in developed countries. This study therefore sought to bridge the existing knowledge gap by investigating the impact of the Karen Langata case on fiscal decision making at City Council of Nairobi.

The study adopted a descriptive design which enabled the study to answer the questions of the status of the subject under study. The target population were the managerial staff at CCN and the officials and office bearers at KLDA.

Snow ball sampling and purposive sampling techniques were used to select the respondents. Qualitative data was gathered using interviews with both officials of CCN and KLDA. Responses gathered were analysed by way of content analysis. Quantitative data was gathered from the available financial records from CCN. Time series analysis was done to ascertain the change in revenue collection in the period after the court ruling.

The study concluded that following the court ruling, there had been no significant dip in revenue collection at CCN as the council had introduced other sources of revenue.

The study recommended that the CCN complies with the court order to enable it receive the property rate monies currently held by KLDA to be used towards enhancing service delivery to members of the public.

LIST OF TABLES

Table 3.1	Target population.....	Page 22
Table 4.1	Revenue collection at CCN.....	Page 28

LIST OF FIGURES

Figure 2.1	Conceptual framework.....	Page 17
------------	---------------------------	---------

ACRONYMS AND ABBREVIATIONS

CBA	Collective Bargaining Agreement
CILOR	Contributions in Lieu of rates
CCN	City council of Nairobi
FY	Fiscal year
LATF	Local Authorities Transfer Fund
LASDAP	Local Authorities Service Delivery Action Plan
LGA	Local Government Act
KLDA	Karen Langata District Association
KLGRF	Kenya Local Government Reform Program
RMLF	Road Maintenance Levy Fund
USA	United States of America

CHAPTER ONE:

1.0 INTRODUCTION

1.1 Background of the study

A tax revolt is a popular protest against high or unfair taxes. It is the refusal to pay tax because of opposition to the government that is imposing the tax or to a particular government policy or action. Tax resistance is a form of direct action and if in violation of the tax regulations, a form of civil disobedience. Because taxation is often perceived as oppressive, governments have always struggled with tax noncompliance and resistance(Burg, 2004).

Tax resistance has probably existed ever since the beginning of civilization. Indeed, it has been suggested that tax resistance played a significant role in the collapse of several empires, including the Egyptian, Roman, Spanish, and Aztec. Other historic events that originated as tax revolts include the Magna Carta, the American Revolution and the French Revolution(Kirchler, 2007).

In the United States of America (USA), the colonists used various methods of tax resistance to resist the British in the years leading up to the American Revolution. In 1765 the colonists protested vigorously against the Stamp Act, which was a tax levied by the British Parliament on legal paperwork. The colonists said that Parliament had no right to levy taxes, because the colonists were not represented(Beito, 1989).

Tax resistance in Africa can be traced to the colonial era. Examples include in Ghana where residents refused to pay a poll tax demanded by their British colonial masters. In Sierra Leone when the British government decreed that a hut tax would be imposed on dwellings, the natives refused to pay the same adopting armed rebellion (Chalmers, 1899). In Rhodesia, the Legislative Council in 1911 passed an ordinance imposing a one shilling per month tax on farmers for each native labourer they hired. The farmers decided to resist the tax and were successful in convincing the government to abolish it (Longden, 1914).

Nearer home, there were several outbreaks of armed resistance focused on tax complaints in Ethiopia during the period between 1943 and 1968. In some cases, farmers defaulted on their taxes, abandoned their land rather than pay or simply fled into neighbouring countries. Some districts refused to elect or admit tax assessors, and used a mix of persuasion and coercion to prevent people from obeying the tax law (Burg, 2004).

Tax resistance in Africa did not end with the attainment of independence from the colonialists. For instance in Cameroon in 1991, the major opposition political parties called for tax resistance in support of their campaign to end one party rule (Krieger, 1994). In the first half of 1998, a tax revolt occurred in the west of Arumeru District in northeast Tanzania. Simmering public dissatisfaction with an apparently corrupt and ineffective council was ignited when the council increased the development tax by 150 per cent (Kelsall, 2000). Almost the entire population of the district refused to pay this tax.

In the cases of tax revolts cited above, the revolts were mainly as a result of members of the public questioning the legitimacy of the tax or the taxing authority. There were not many instances where the tax revolt was as a result of the absence of a linkage between the taxes paid and the benefits received. The mode of tax resistance was mainly by boycotting payment of the tax in question, armed rebellion or like in the case of Ethiopia, abandoning their farms to evade the tax. There was no reference to the judicial system.

Legitimacy is the popular acceptance and recognition, by the public, of the authority of a governing regime. Political legitimacy is considered a basic condition for governing, without which a government will suffer legislative deadlock and collapse(Dahl, 1997). Dahl went on to say that a stable government is characterized by political legitimacy; that is, the government possesses legitimate political authority. Citizens' refusal to pay taxes whether through referenda or court injunctions erodes government's legitimacy and in the absence of legitimacy, the role of government is questionable in the eyes of the taxpayers. Looked at from a public taxation point of view, enhanced through the benefit received principle, legitimacy is enhanced when citizens see a link between their taxes and benefits derived.

Tax revolt is a concern for public managers because apart from being seen as questioning the government's legitimacy, revolts have the effect of reducing government revenue as citizens refuse to pay the taxes imposed. A decline in revenue collection of any public institution would have a negative effect on its ability to carry out its mandate. If revenue declines while expenditures continue to

grow, there is likelihood that service delivery by the public institution would be greatly hampered as service provision demands for new equipment, infrastructure, hiring of additional staff which all require increased revenues from current sources and new ones.

One of the first cases of a tax revolt on the basis of the benefits received principle of taxation was in 1978 when voters in California passed Proposition 13 which was a revolt against an increase in property tax. The proposition which was an amendment to the Constitution of California had the effect of decreasing property taxes by assessing property values at their 1975 value and restricted annual increases of assessed value of real property to an inflation factor, not to exceed 2% per year. It also prohibited reassessment of a new base year value except in cases of change in ownership or completion of new construction (Chapman, 1998).

The effect of the passing of proposition 13 was that property tax revenue immediately fell by 57 percent across the state. Local governments in California collected over \$6.6 billion less in property tax revenue in 1979 than they did in 1978 (Citrin, 1984). Other effects of the passage of proposition 13 included causing local governments to resort to other strategies to maintain or increase revenue. California local governments became much more dependent on state aid as a result of Proposition 13. They also began significantly increasing user fees and charges which were not subject to limitation. Between 1978 and 1981, local government user fee revenue increased by 48 percent (Richter, 1984). Most California localities sought their voters' approval for special assessments that

would levy new taxes and fees for services like water, sewer, electricity, infrastructure, schools, parks, police protection, firefighting units, and penitentiary facilities that used to be paid for entirely or partially from property taxes(O'Sullivan, Sexton &Shefron, 1995). Local governments became more dependent on sales taxes for funds and decreased services and increased fees to compensate for the shortfall, with particularly high fees levied on developers creating new houses or industrial outlets (Chapman, 1998). The struggle to find compromise to fill deficits without higher levies led to a record 100-day late spending plan in 2010. The previous year, the state ran out of cash and had to issue \$2.6 billion of I Owe U.

Tax revolts have been witnessed in post -independence Kenya and have been mainly targeted at City Council of Nairobi (CCN). The revolts have been initiated through the court process and have been carried out with the backing of the courts which have from time to time allowed members of the public to withhold payment of existing taxes or an increase in any payments due to CCN.

CCN was set up in 1952 to deliver services to the residents of Nairobi and maintain the city status of Nairobi. CCN mainly derived its legal mandate from the Local Government Act (LGA). To fulfill its statutory obligations, CCN like all local authorities are empowered by part XIV of the LGA to make and enforce by-laws; to raise funds through rates, fees and other user charges to implement their obligations. The main form of tax levied by local authorities in Kenya was the property tax levied on land and buildings pursuant to the provisions of the Valuation Rating Act and Rating Act. The rates were payable by individual

property owners, businesses and the government. In general, rates and parking fees form the major source of revenue for urban local authorities. Rates account for over 60 per cent of the revenue of CCN. Other sources of revenue include Local Authority Transfer Fund (LATF), Roads Maintenance Levy Fund (RMLF), and contribution in Lieu of Rates (CILOR) (GoK,1996).

In 1995, the residents of Karen – Langata area through their association known as Karen Langata District Association (KLDA) filed a suit seeking to bar CCN from collecting property taxes from property owners in the area.

Karen Langata District Association (KLDA) is a community/residents' association formed in 1940 with the aim of improving the conditions and lifestyle of people living and working in the Karen and Langata districts. Membership is voluntary and is not restricted to property owners.

The members of KLDA while basing their claim on the benefits received principle of taxation were of the view that there was no evidence of usage of their property taxes for provision of services in the area. They therefore sought to have CCN set up a special rate fund for property taxes as opposed to having levies from property rates lumped up with other revenue at CCN. They argued that by setting up the special rate fund, there would be better accountability and that CCN would be in a position to offer services to property owners in the area commensurate to the amount of rates paid by residents.

1.2 Statement of the Research Problem

Tax revolts through referenda in most developing countries, especially in Africa, are a rare phenomenon. In developed countries such as USA, citizens often revolt through referenda or through voting out pro-tax increase politicians. Despite recent progress in restoring democracy in most African states, tax revolts through referenda in most developing countries is almost non-existent. Poignantly, voters lack information and often have no choice to vote out policymakers who propose arbitrary tax increases that are not commensurate with the services provided.

Contrary to the method of open protests as witnessed in Tanzania, in Kenya tax revolts have largely been through the judicial process where citizens have sought relief from courts to stop tax collectors from collecting or levying taxes in their localities for failure to address serious social problems in their neighborhoods.

One example of a tax revolt in Kenya through the judicial process is the case filed by the residents of Eastleigh area within Nairobi against CCN. The business community in Eastleigh questioned the legitimacy of CCN in collecting taxes from more than 3,000 traders in Eastleigh division in Nairobi while failing to offer requisite services commensurate to the huge amount of taxes and property rates remitted by the business community in the division. The traders complained of impassable roads, heaps of uncollected garbage, poor drainage system, stinking lavatories and sewer flowing over the paths and roads.

While relying on the benefits received principle of taxation in their quest to have CCN barred from collection of taxes in the area, the traders cited the disconnect between the colossal revenues collected from them and the dismal services provided by CCN. For these reasons they did not see why they should continue paying the levies imposed by CCN. Although the case was eventually dismissed on a technicality, it demonstrates the extent to which members of the public were willing to go to hold the CCN accountable through judicial aided tax revolts.

Another case of tax revolt through the judicial process due to inadequate provision of services by the CCN was a case filed by Kaka Travellers Savings and Credit Co-operative Society, a transporters association where the transporters successfully challenged the increase of parking fees by CCN from Kshs.140 to Kshs.300. The citizens argued that the rates were not commensurate to the services offered as CCN did not offer adequate security for the parked vehicles which were often vandalised even after payment of the parking fees. CCN in seeking to justify the increase stated that it was meant to plug a Kshs. 1 billion deficit in its budget and to cater for an increase in its wage bill following the implementation of the new Collective Bargaining Agreement (CBA). The court ruled against the CCN and accused it of abusing its by-laws.

The most organized and widely reported case of judicial aided tax resistance or withholding of taxes by dissatisfied tax payers in Kenya remains the case filed by KLDA against CCN. KLDA filed a case seeking an order to restrain the CCN from collecting property rates from the Karen and Langata residents on the ground that CCN was not providing commensurate services, a rationale for

levying and collecting the property rates. The court in its decision pegged on the benefits received principle, ruled in favour of the members of KLDA and allowed the association to collect rates from their area and to deposit the same into a special account and not pay the same to CCN as was being done previously. In essence the ruling gave the residents of Karen- Langata, the legal mandate to collect and retain their property rates and not remit the same to CCN.

The three cases cited have shown an emerging trend where citizens questioned the legitimacy of CCN to collect taxes based on the benefit received taxation principle. The failure to collect property rates and taxes from a section of the affluent citizens of Nairobi by CCN following the court orders adversely impacts its fiscal decision making.

In Kenya, court rulings have played an important role in tax revolts by allowing citizens to hold public institutions accountable for non-delivery of adequate services. With regard to the case filed by KLDA against CCN, it is unclear to what extent the ruling impacted on the CCN's revenue base. It is also unclear what coping strategies were adapted by CCN to fill the revenue gaps as a result of the court ruling allowing members of KLDA not to remit property taxes to CCN. This study sought to fill this void.

1.3 Research question

- a) To what extent have court permitted tax revolts impacted on the fiscal decision making at CCN?

1.4 Objectives

The broad objective of the study is to assess the impact of the judicial decision in the case filed by KLDA against CCN on CCN's fiscal decision making. Specific objectives include:

- a) To examine financial consequences arising out of the judicial decision.
- b) To examine the coping strategies adopted by CCN to fill the revenue gap that arose out of the judicial decision.

1.5 Definition of terms

Judicial decision is defined in the dictionary as the determination by a court of competent jurisdiction on matters submitted to it. In this case, judicial decision means the order of the High court in Miscellaneous Case No.272 of 1995 filed by members of KLDA against CCN.

Fiscal decision making is defined in the free dictionary as a decision relating to government expenditures, revenues, and debt. In this study, fiscal decision making means the revenue collection and debt level at CCN. In this regard, the study initially sought to limit itself to the period from 1990-2012 which covers a period of 6 years prior to the court decision and 6 years after the judicial decision. The debt level and revenue were to be measured in Kenya shillings.

Coping strategies means the measures taken and strategies used by CCN to raise revenue for its operations after the restriction on collection of property

taxes from the residents of Karen- Langata area. Such measures could include enforcement of existing by-laws, enactment of new by laws or introduction of new fees and charges.

1.6 Justification of the Study

The study looked at the impact of the judicial decision on fiscal decision making at CCN and the resultant coping mechanisms adopted by CCN in order to fulfill its legal mandate. The study is important to public administrators at CCN and elsewhere who may need to understand the reason for the citizens resorting to legal action against local authorities and the resultant limitations that such court actions place on local governments' revenue collection.

The study is also of importance to members of the public in gaining insights on the possibility of questioning the legitimacy of government or a government agency collecting taxes and to stop unfavourable actions of government through the courts.

The study is also important to judicial officers who are daily faced with suits seeking to prohibit public bodies from collecting fees for services not rendered satisfactorily as it will aid their understanding and visualization of the impact of their decisions on the running of public institutions. The study contributes to the existing literature on the effects of judicial backed tax revolts on fiscal decision making in local governments.

CHAPTER TWO:

2.0 LITERATURE REVIEW

2.1 Introduction

This chapter presents the theoretical framework underpinning tax revolts by members of the public through the judicial process, conceptual framework and research gaps.

2.2 Theoretical Framework

The study employs the democratic theory. The origins of democracy may be traced back to ancient Greece. According to Aristotle, democracy can be defined as the 'the rule of many' in which citizens participate in either making policy or holding office (Gibbon, 1946).

The traditional democratic theory is based upon principles of equality in voting, effective participation, enlightened understanding, control of agenda by citizens and inclusion (Dahl, 1989). Democratic theory therefore calls for an active citizenry. One of the major foundations of democratic theory is public participation (Dahl, 1994). Democratic governments ideally are accountable to the people.

Democracy has become the internationally predominant system of governance, a universal value (Sen, 1999). He argues that democracy has a plurality of virtues, including the intrinsic meaning of political participation and freedom to achieve

human wellbeing, the instrumental importance of assuring governments 'responsibility and accountability, and the constructive role in value formation and understanding the needs, rights and duties of citizens.

Varied forms of political government have been advocated, from direct democracy, where the citizens exert the decisions directly, to the widespread system of representative democracy, where elected representatives act in the interest of the people. Many scholars call for extensive participation and a more meaningful engagement of the public in modern nation-states, to avoid narrowing the practice of representative democracy to voting in elections (Fishkin,1995).

Participatory democracy has emerged as a catchphrase for more genuine, popular or progressive forms of democratization. Participatory democracy is a process of collective decision making where citizens have the power to decide on matters of policy proposals and administration of public institutions. It emphasises the broad participation of constituents in the direction and operation of political systems (Aragonès & Sánchez-Pagés, 2004). Participatory democracy provides opportunities to overcome the shortcomings of representative democracy by combining it with elements of direct democracy.

The concept of participatory democracy refers to democratic arrangements and practices that allow for direct individual and collective participation of citizens in public decision making (Schooley, 2008).The key feature of participatory democracy is the direct participation of citizens in the regulation of key public

institutions. Citizen participation is a process which provides private individuals an opportunity to influence public decisions.

Public participation has been an important element of public administration since the rise of the administrative state. Because participation is important in the concept of democracy, participation is imperative for legitimacy (Wang, 2001). Public participation leads to legitimacy, a better informed public and improved decision making. The role of citizens within administrative processes had been debated and it has shifted over time (La Porte and Metlay, 1996). The clamour and rise in agitation for citizen participation can be attributed to citizen disappointment in performance of government and government agencies regardless of whether that disappointment is caused by absolute decline in legislative capability, service quality or by an expectations gap or unfounded demands (Musztal, 2001).

In democratic societies, people participate through different ways, such as voting, expressing opinions on public issues and governmental actions, forming interest groups, influencing decisions by demonstrating or lobbying, filing lawsuits to contest actions, establishing partnerships with government agencies or mobilizing attention to issues through artistic expression (NRC, 2008).

Proponents of direct citizen involvement state that public participation helps restore citizen trust in government and is essential to designing policies and programs and increase public acceptance (Berman, 1997). They further state that public participation is a core public service value and an essential element of the new governance management.

Public participation or deliberation induces individuals to reflect upon their interests and preferences, becoming amenable to changing them and reach a workable agreement. Public participation is seen as a way of promoting common interest and building social capacity (Owen, Videras & Willemsen, 2008) and that no exercise of political power by government at any level is legitimate if it is not in some sense democratic (King & Stivers, 1998).

Critics of public participation believe direct citizen involvement in governance and administration is inappropriate as citizens are apathetic, lack time, knowledge and skills to participate and are generally more concerned about their self-interest than the good of the larger community (Yang & Callahan, 2007). They argue that public participation decreases efficiency and that direct citizen involvement contradicts the principle of representative democracy (Berman, 1997; Irvin & Stansbury, 2004).

In Kenya, the importance of public participation in the administration of public institutions has been emphasised in the Constitution passed in 2010. The Constitution at Article 10 provides for public participation in areas of public appointments, policy design and other areas affecting the citizenry. Kenyans have been in the recent past invited to make contributions with regard to appointments to public office including appointment of the Chief Justice, Ombudsperson and members of constitutional commissions including the Independent Elections and Boundaries Commission, Committee of implementation of the Constitution and the Salaries Review Commission. With the constitution now requiring as a matter of right that the citizens be consulted in

matters relating to public affairs, their involvement in public administration is now settled and public administrators would do well to actively engage with members of the public when formulating policy and programs in compliance with the constitution.

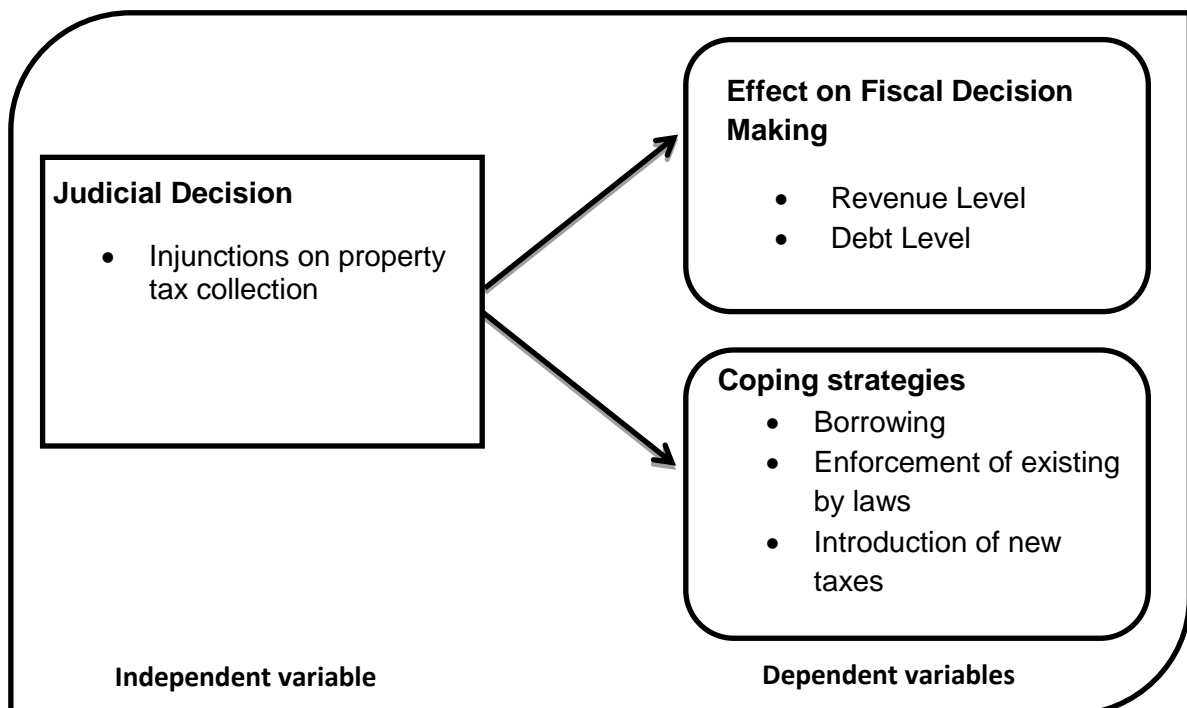
Prior to the promulgation of the current constitution, citizens had demanded for active participation in public administrations and public affairs. Such demands took the form of strikes, public interest litigation and in the recent past tax revolts through the judicial process. Such tax revolts include that by Kaka Travellers association protesting against increase in parking fees and that by Eastleigh traders declining to pay taxes given the poor services offered by CCN in Eastleigh. However the focus of this study remains the tax revolt by members of KLDA in which they asserted their right to participate in the running of a public body CCN by seeking and obtaining orders from the court barring CCN from collecting property taxes.

2.3 Conceptual Framework

Conceptual framework is a schematic presentation which identifies the variables that when put together explain the issue of concern (Peters, Elmendorf, Kandola & Chellaraj, 2000). The conceptual framework is therefore the set of broad ideas used to explain the relationship between the independent variables [factors] and the dependent variables [outcome] (Coulthard, 2004).

This study's conceptual framework links the judicial decision in the case filed by members of KLDA against CCN to fiscal decision making and coping strategies adopted by CCN and attempts to explain the relationship between the judicial decision (independent variable) and how it affected the fiscal decision making at CCN and the coping mechanisms adopted by CCN (dependent variables-outcome) as shown in the schematic figure below.

Figure 2.1 Conceptual Framework



2.4 Research Gaps

Following the passage of California's proposition 13, there have been studies on how the state-level caps on the ability of local government to raise revenue has affected provision of public services and the coping strategies adopted by various local authorities in the USA to cope with the drop in revenue which followed the passing of the proposition. To the best of my knowledge, there has been no study undertaken to assess the impact of judicial aided tax revolts on the revenue base and debt levels at CCN and to find out the coping mechanisms if any adopted by CCN. This is the gap that this project intended to fill.

Previous literature on efficacy of tax and expenditure limits in the USA suggests that these limits rarely have their intended effects (Kousser, Mc Cubbins & Moule, 2008). Instead of cutting the size of government, scholars have shown that public officials almost always find ways to circumvent taxing and spending limits. (Kiewit & Szakaly, 1996). For example, if a limit only restricts property taxes, a locality might switch to revenues derived from charges and fees, sales taxes, or income taxes. Likewise, if a revenue limit only restricts state revenues, a hike in property tax collections at the local level might ensue. These evasion techniques, while increasing government size, allow public officials to abide by the letter of the law.

Over the past four decades scholars who include Rosemary O' Leary and Charles Wise have called for a better understanding of the role of the judiciary in the working of public organizations (O'Leary & Wise, 1991). These and other

authors have written about cases in an attempt to make sense of judicial involvement in public sector bureaucracy. Most of the authors have focused on judicial decisions that have dealt with the scope of service programs, what services are to be provided and who is eligible. The judicial decisions have had the effect of compelling the local authority to provide services. Other studies have concentrated on one aspect of administrative law e.g. environmental law (O' Leary, Vig & Kraft, 2009) homelessness (Loveland, 1995), prisons (Loughin & Quinn, 1993), asylum (Thomas, 2003) or the impact of court decisions on particular agencies such as mental health review tribunal (Richardson & Machin, 1999). Such studies provide important insights into the relationships between judicial decisions and public decision making in particular areas. However, they are inevitably limited in their focus on the impact of the judicial decisions on the fiscal decision making in local authorities. These studies differ from the position with regard to the CCN in which most judicial decisions have not been to compel it to provide certain services like housing or health care but have been aimed at prohibiting CCN from collecting revenue say from property rates which in turn has an impact on its fiscal decision making. While these studies do not focus on the impact of judicial decision on fiscal decision making in local authorities, they nonetheless offer insights on the role of courts in influencing administrative decision making.

There is literature on how public participation affects public trust (Shay, 1994). In this study it was argued that increased public participation leads to public trust which is the general concept that the public trusts the agency of government to

do the right thing. While I agree with the author that public participation will have an effect on public trust, my study focuses on the fiscal impact of public participation through a tax revolt on a public institution.

In a study carried out by Renee Irvin and John Stansbury (Irvin&Stansbury, 2004) to determine whether public participation is necessary in public administration, the researchers reviewed the citizen-participation literature and analysed key considerations in determining whether community participation is an effective policy-making tool. They then listed conditions under which community participation may be costly and ineffective and when it can thrive and produce the greatest gains in effective citizen governance. It can be concluded that public participation may sometimes not yield the intended results and may not be cost effective.

There have been studies on public participation in environmental assessment and decision-making. Scholars (Antunes et al., 2009; NRC, 2008) have proposed a set of critical issues to be considered in the setup, design and management of participatory processes.

CHAPTER THREE:

3.0 RESEARCH METHODOLOGY

3.1 Introduction

This chapter presents the research design and methodology that was used to carry out the research. It also discusses the target population, sample size and sampling techniques, data collection and data analysis.

3.2 Research Design

The study employed qualitative research design. Open ended interviews were used as the main data collection technique. There after content analysis was done based on the objectives of the study. Key themes organised along the variables of the study were examined. They include strategies and revenue levels at CCN.

Financial data showing revenue collected at between the years 2000 to 2012 was also analysed with a view of showing the effect of the judicial decision on the revenue collection at CCN.

3.3 Target Population

For the purpose of this study the target population were office bearers and members of KLDA and CCN officials working in the finance, legal and licensing departments.

Table 3: 1 Target population

Population Category	Frequency
City Hall Officials	5
Office bearers at KLDA	5
Members of KLDA	2
Total	12

3.4 Sampling techniques

In this study snowball and purposive sampling were used. Snow ball sampling which is an approach for locating information rich key informants was used when interviewing members and officials at KLDA. This method was chosen as it is designed to identify people with particular knowledge, skills or characteristics that are required and uses recommendations to find people with the specific range of skills that has been determined as being useful.

At KLDA, I first interviewed the office manager who had been present at the time the case was filed by members of the association against CCN. She then led me to other officials and members of KLDA who had the information I required regarding the court case pitting the association and CCN which was the subject of this study. The officials and members were able to give relevant information on the history of the association, motivation for filing the court case against CCN and the revenue collected as rates by the association since the court barred CCN from collecting the same.

Purposive sampling was also used with respect to the CCN officials who were interviewed. The study had interest in the impact of the judicial decision in the case filed by members of KLDA against CCN and the resultant impact on the institution's fiscal decisions and as such the officers in the legal department, revenue department, finance department, rates and licensing departments were interviewed. They were selected due to their expertise in the legal, financial and licensing aspects at CCN which were of importance in this study. The officers selected were all able to offer insights and valuable information on the fiscal impact of the tax revolt by members of KLDA on revenue collection at CCN and the resultant coping mechanisms introduced.

3.5 Data Collection Techniques

This study relied on two types of data i.e. primary and secondary.

Primary data was collected by way of unstructured interviews of the identified respondents. In total, I interviewed 12 people. 5 of these were officials at CCN based in the legal, licensing, finance, revenue and rates sections. 5 officials and 2 members of KLDA who included the office manager and the communications officer were also interviewed. The information gathered from the respondents during the course of the interviews which lasted between 10 to 15 minutes each were recorded by hand by the researcher and transcribed.

Secondary data was collected from the KLDA website, financial reports and magazines. With regard to revenue collection at CCN, data was collected from financial reports provided by the officers at CCN. Secondary data with regard to

the judicial decision was gathered from the court file at Milimani High Court registry.

3.6 Data Analysis and Reporting

In this study, the financial data with regard to revenue collection at CCN was analysed using trend analysis and time series analysis with a view of assessing the change in revenue collection at CCN following the court order in the case filed by KLDA members against CCN. The revenue collected from 2000 to 2012 was organised in a table before it was then depicted in a bar graph for ease of understanding and analysis.

Content analysis of the data collected from the unstructured interviews of officers at CCN and the officials and members of KLDA was carried out. The secondary data was then compared with the data collected during interviews with both CCN officers and KLDA officials to ascertain whether the two were consistent in their findings.

CHAPTER FOUR:

4.0 STUDY RESULTS

4.1 Introduction

This chapter discusses the analysis, interpretation and presentation of the findings. The study sought to link the judicial decision in the case filed by KLDA members against the CCN to the revenue and debt levels at CCN and further to establish coping mechanisms if any adopted by CCN following the court ruling.

4.2 Background of KLDA and the court case

Following interviews with the officials at KLDA, I gathered that the membership of KLDA stood at about 700 members at the time of the court ruling in 1996. Currently there are about 1000 members who make about half the residents of the Karen- Langata area in terms of acreage. To become a member of KLDA, one is required to demonstrate an interest in the area. Such an interest would include one being a landowner, tenant or working in the area. An annual membership fee of Kshs. 5000 is also levied on all members.

From the interview, I gathered that the court ruling barring CCN from collecting revenue from the members of KLDA was not restricted to the members of KLDA at the time the order was issued but was worded in such a way that it covered even those who joined the association after the ruling. It was interesting to note that despite the members of KLDA not remitting their rates to CCN, CCN

continued to offer services which included water, lighting and maintenance of roads.

According to the officials at KLDA, CCN sends demand notes to individual rate payers in the area who then make payment at KLDA offices. KLDA also sends reminders to its members with regard to payment of the property rates emphasizing that members should pay the same as it is a tax. The payment is expected to be made to KLDA before March of each year and a penalty of 3% per month is charged for late payments.

KLDA collects about Kshs.7 million annually in property rates from its members. Collection begun in 1995 and the money has been placed in a fixed deposit account. The officials at KLDA indicated that the collection to date is about 60 million.

According to KLDA, the court case was as a result of grievances by members which included poor services offered by CCN and lack of accountability on how taxes were spent. The members wanted CCN to set up a special rate fund where the rates collected would be deposited and not mixed with monies from other sources of revenue. In line with the benefits received principle, the members of KLDA argued that it was only through separation of the rates from other revenue collected by CCN that it would be possible to tell whether CCN was applying the rates collected towards improvement of service delivery to the tax payers.

Members of KLDA filed Miscellaneous Case No.272 of 1995 in the High Court in Nairobi and were issued with orders barring CCN from collecting rates from the

members of KLDA until a special rates fund was opened. The orders were issued in 1996 but evidence from interviewees show that at the time of the interview, the special rate fund had not been set up with officials of both CCN and KLDA trading blame on which party was an obstacle to the setting up of the fund.

4.3 Revenue collection at CCN

This study sought to assess the impact of the judicial aided tax revolt by members of KLDA on the revenue base of CCN. The court ruling barred CCN from collecting property rates from members of KLDA from 1996 to date. The study also sought to assess the coping mechanism adopted by CCN to fill the revenue gap following the court decision.

On revenue collection, the study had intended to show revenue collection from 1990 to 2012 which period covered 6 years prior to the judicial decision and 6 years after the judicial decision with a view of showing revenue collection before and after the court ruling. However, the data available from City Council of Nairobi was from the fiscal year 2000/2001 to 2011/2012. The failure to keep financial data on revenue for the period prior to fiscal year 2000/01 was attributed to a change in the ICT system in 2000 resulting in the loss of earlier data. The data presented in this study therefore covers the period from fiscal year 2000/01 to fiscal year 2011/12. However the available data is relevant as the court order prohibiting the collection of rates from KLDA members is still in force to date.

The revenue collected at CCN was obtained from available financial records provided by the officers at CCN and was summarised in the table below

Table 4.1: Revenue collection at CCN

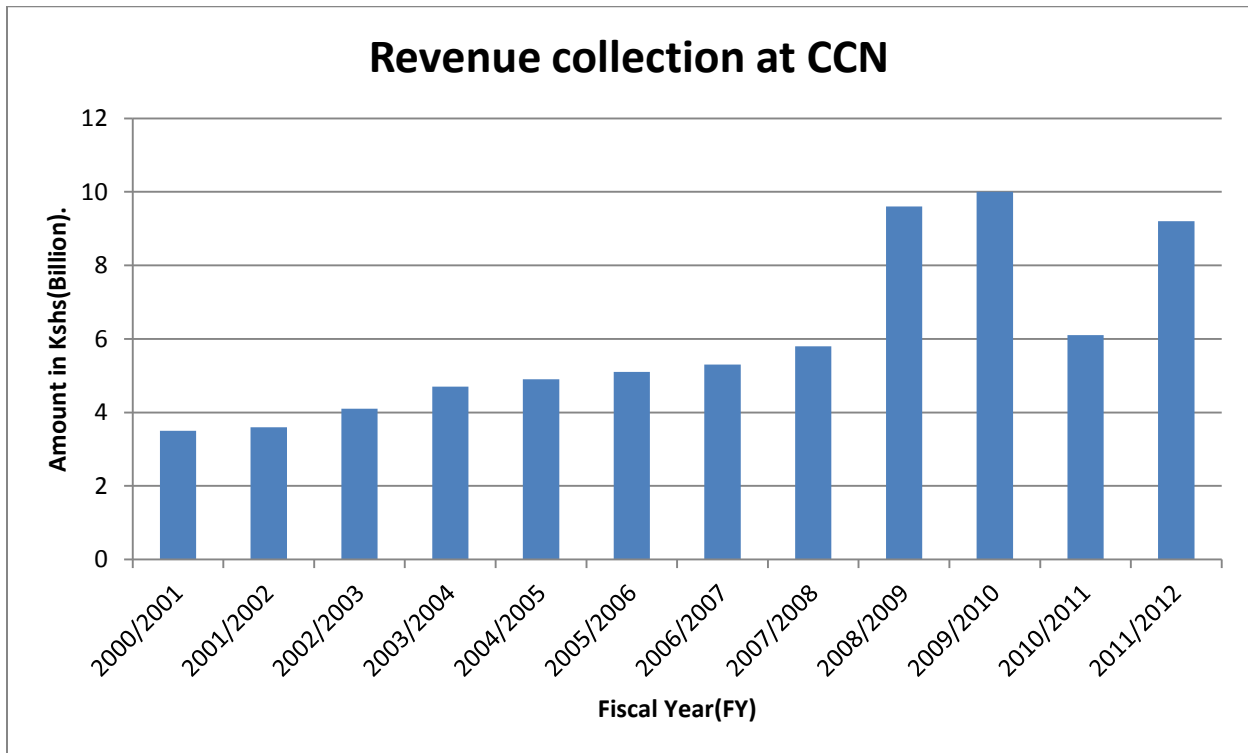
FISCAL YEAR	AMOUNT (billion Kshs.)
2000/2001	3.5
2001/2002	3.6
2002/2003	4.1
2003/2004	4.7
2004/2005	4.9
2005/2006	5.1
2006/2007	5.3
2007/2008	5.8
2008/2009	9.6
2009/2010	10
2010/2011	6.1
2011/2012	9.2

Source: City Council of Nairobi financial records FY2000/2001-2011/12

The table on revenue collection at CCN shows that the revenue collection has been generally steadily rising at CCN and has not decreased, despite the non-collection of property rates from the Karen- Langata residents which collection is approximately 7 million annually. The only dip in revenue collection was in the fiscal year 2010/2011.

The data in the above table was also presented by way of a bar graph for ease of comparison of the revenue collection from year to year.

Graph 4.1 Revenue collection at CCN



The graph depicts the revenue collection at CCN in the period after the court ruling and shows an increase in revenue collection at CCN year after year save for FY 2010/2011.

The available literature on tax revolts suggest that after a tax revolt, it is expected that revenues will decline. This was the case after the passage of the proposition 13 in California which capped property taxes. Local governments in California collected over \$6.6 billion less in property tax revenue in 1979 than they did in 1978 (Citrin, 1984). However given the findings in this study, this was not the case following the tax revolt by members of KLDA. CCN has divided the area under its jurisdiction into 22 zones for purposes of collection of property rates with the Karen- Langata area falling into Zone W. According to the interviewee from the

rates section at CCN, as at 30th March, 2013, there were about 5,217 rateable properties within Zone W. As the officials from KLDA had put the number of members to whom the court order applied to at about 1000, it is clear that they were a minority and a majority of the property owners in the area were remitting the property rates to CCN. This in my view explains the rise in revenue at CCN despite the judicial decision CCN from collecting rates from members of KLDA

Following the passage of the proposition 13 in California, it is reported that California local governments became much more dependent on state aid(Ritcher,1984). Similarly, as regards CCN, in 1998 the Kenyan government established the Local Authority Transfer Fund (LATF). Through the LATF the government allocates 5% of the national personal income tax to all local authorities in Kenya.The Local Authorities Transfer Fund (LATF) was established through the Local Authorities Transfer Fund Act No. 8 of 1998 as a result of the Kenyan Local Government Reform Programme (KLGRP) – established and funded by the World Bank. LATF became operational in 1999 and is a central-local revenue transfer mechanism to facilitate the disbursement of funds to local authorities with the object and purpose to supplement the financing of the services and facilities they are required to provide under the Local Government Act.

This fund acted as an additional source of revenue for CCN and having been introduced a few years after the order barring CCN from collecting rates from members of KLDA served to cushion CCN from the effects of the said order on its revenue collection.

Literature on tax revolts also show that after tax revolts, local authorities are likely to increase user fees and charges with a view of increasing revenue collected (Ritcher, 1984). From the study and specifically interviews carried out with interviewees at CCN, CCN increased user fees and charges at its facilities effective from 12th October, 2010. The increase in fees was for its facilities which included City mortuary, Pumwani maternity hospital, Garden square restaurant Uhuru recreational Park and Langata cemetery. The council had sought to increase parking fees in order to plug a Kshs.1 billion deficit in its budget but the same was resisted by a section of members of the public who successfully challenged the hike in parking fees.

Following the passage of proposition 13 in California, the local governments in the state sought voters' approval to levy new taxes to cushion themselves against the effects of the loss of revenue following the capping of property taxes ((O'Sullivan, Sexton &Shefron,1995). The findings of this study were consistent with this observation in California following the passage of proposition 13. From the interviewees at CCN, there was introduction of new taxes after the court ruling in favour of KLDA members.

One of the most significant new taxes introduced was the single business permit license fees. According to one interviewee, "the single business permit was introduced in 1999 following a raft of radical market-orientated reforms, ultimately followed by a comprehensive programme of reforms in the public sector and local government".

CCN undertook a reform process with support from the World Bank in order to institute new business regulatory policies aimed at making the CCN and by extension the city of Nairobi seem more business friendly. An online e-payment service was set up to issue and verify singlebusiness permits that was anticipated to seal revenue leaks that for years plagued City Hall. It was estimated that up to 40% of collected revenue did not reach the Council. This measure halted the trade in false permits which previously caused the CCN to loose close to US\$ 24 million in collections.

According to the interviewee, it is intended that the single business license would be issued in a day given that duplicate application forms and mandatory PIN number were now not required. The single business permit is now one of the major sources of revenue at CCN.

4.4 Debt Levels at CCN

The study had intended to show the debt level from 1990 to date with a view of assessing whether the same had risen following the court decision in favour of KLDA. However in the course of data collection, the interviewees at CCN indicated that annual records of debt were not available and that the practise was that CCN's debt portfolio would be assessed as at the time the information was required. They were only able to confirm that the same had grown sharply and stood at 30 billion as at October, 2009 when the then town clerk appeared before the parliamentary Committee on local authorities and accounts. At the presentation of the budget estimates for the fiscal year 2012/2013, the Governor

of Nairobi County the successor of CCN submitted that the county had inherited a debt totalling to 5.7 billion from CCN.

Given the information gathered from interviewees at KLDA that at the time of the interview they currently held about 60 million collected from members in relation to property rates, it would seem that given the amount of debt owed by CCN, the property rates that have not been submitted to CCN by members of KLDA are a small fraction of the debt owed by CCN. It is my view that in light of these findings, the increase in debt levels at CCN cannot be attributed to the non-payment of property rates by members of KLDA. An interviewee at CCN attributed the increase in the debt level at CCN to the ballooning wage bill given the large number of employees of the council.

4.5 Coping mechanisms adopted by CCN

This study sought to assess the coping mechanisms or strategies adopted by CCN to fill the revenue gap following the court order in favour of KLDA. Available literature on tax revolts have shown that local authorities have in the past in reaction to tax revolts limiting revenue collection from property rates come up with coping mechanisms aimed at boosting revenues. For instance in the case of California, the local authorities increased user charges in a bid to raise revenue.

Consistent with the findings in the developed countries as stated in the literature on tax revolts, from the field interviews with the respondents at CCN, it was noted

that a number of measures had been undertaken at CCN with a view of increasing revenue collection. They included

4.5.1 Borrowing

According to the interviewees at CCN, the council had resorted to borrowing from financial institutions to plug its budget deficits and pay off some of its debts. For instance following approval by the full council in a meeting on 11th May, 2010, the council borrowed Kshs. 5 billion from Equity Bank Limited to pay part of its debts which stood at 30 billion as at October, 2009.

4.5.2 Enforcement of existing by- laws

From the field research, it became clear that CCN had become aggressive in enforcement of existing by laws which had been in the council's books but had not hitherto been enforced. For instance, it is not until sometime in 2011, that City council began to arrest pedestrians who were caught speaking on their phones while crossing the road or alighting from public service vehicles in non-designated areas. This was being done without amendments to the current by laws which can only mean that the offence had always been in the bylaws but had simply not been enforced. Strict enforcements of the council bylaws have according to an interviewee from CCN led to an increase in the number of offenders appearing before the judicial officers at City Court and resulted in an increase in the fines levied. These fines are a source of revenue for the council.

4.5.3 Introduction of new taxes

From the field interview with an interviewee at CCN, it became apparent that the increase in revenue despite the non-payment of property rates from the residents of Karen- Langata could also be attributed to the introduction of the single business permit license fees. The single business permit was introduced with a view of ensuring that the city of Nairobi would be attractive to investors. It removed many bottlenecks that had been in place where an investor or trader was required to take out quite a number of licenses from CCN before one could operate a business within its jurisdiction.

According to the interviewee, the maze that one had to wander through in an attempt to comply with the licensing requirements of CCN was fertile ground for evasion and often resulted in corruption as a trader would find it less hectic to periodically bribe a CCN official than follow the procedure for obtaining a license. This resulted in massive loss of revenue for the council which has now been significantly plugged by the introduction of the single business license.

The interviewee was also of the view that after the digitalisation of records at CCN, it would be easier to know the total number of businesses in the city and consequently there would be less revenue leaks at CCN in respect of business licenses. It was stated that the 2009 Finance Bill introduced important changes to the LGA allowing local authorities to reform business licensing systems.

4.5.4 Other coping mechanisms

From the field interviews with officers at CCN, other coping mechanisms that resulted in an increase in revenue at CCN despite the court order barring CCN from collecting property taxes from KLDA members included the introduction of periodic waivers of interest on payment of rates. The current waiver period ends on 15th November, 2013. During the waiver period, rate payers would be allowed to pay only the principal sum owed in regard to rates. These exercises were aimed at encouraging rate defaulters to pay rates due to the council and consequently have the effect of boosting revenue collection at CCN.

Previous studies in the USA suggested that tax limits rarely have the intended effects and that public officials always find ways of circumventing the limits (Kousser, Mc Cubbins & Moule,2008). From the field interviews, it was noted this was the same scenario at CCN where the council was obeying the letter of the court order but had found a way of circumventing it in relation to development plans. According to the interviewee at CCN, despite the court order barring the collection of property rates from members of KLDA, CCN had insisted that members of KLDA had to pay up all the outstanding rate arrears before any approval of building plans were done and as the area had seen a lot of development in the recent past, CCN was still able to recover the rates owed to them from members of KLDA. This position was confirmed by an interviewee at KLDA who said that in the case where a member needed to subdivide his land or have his development plans approved by CCN, then KLDA on the written

instructions of the member would remit the total amount paid by the member as rates to CCN. As such CCN was still able to recover the property rates from members of KLDA.

4.6 Conclusion

In conclusion, the study found that despite CCN not receiving property rates from the members of KLDA for about 17 years now amounting to about 60 million according to officials at KLDA, the revenue base of CCN has continued to steadily rise. The CCN adopted various mechanisms that have contributed to the increase in revenue which mechanisms include the introduction of the single business permit which is the highest revenue source for CCN after the land rates and user fees. The council also embarked on strict enforcement of existing by laws. The introduction of LATF also provided CCN with additional revenue following the court order. The waiver of interest on outstanding rates also encouraged rate defaulters to pay the rates thereby shoring up the revenue collected from rate payers.

CHAPTER FIVE:

5.0 SUMMARY, CONCLUSIONS AND RECOMMENDATIONS

5.1 Introduction

This chapter presents discussion, conclusion and recommendations of the study based on the objective of the study which was to assess the impact of the judicial decision that permitted a tax revolt by members of KLDA on CCN's fiscal decision making process.

5.2 Summary of the findings

From the study findings, it is clear that KLDA members are still not remitting property rates to CCN following the court order barring such remittances. The order which is still in existence was issued in 1996. KLDA whose membership has fluctuated over the years collects about 7 million annually in rates from its members and is currently holding about Kshs.60 million in its fixed deposit account.

It is interesting to note that despite the fact that CCN requires the members of KLDA to pay outstanding rates before approval of any development plans, the same is payable without any interest. Both KLDA and CCN officials were unable to agree on who is entitled to the interest accruing on the sum of Kshs.60 million currently held by KLDA.

The ruling that barred CCN from collecting rates from the members of KLDA is still in force and CCN has not complied with the condition set in the said ruling which was to set up a special rate fund as the members of KLDA in line with the benefit principle of taxation had reservations on the ability of CCN to effectively use the rates collected in the area for service delivery. There was no explanation offered for the failure of CCN to comply with the court order in order to have KLDA members pay their property taxes to CCN.

The study also established that despite the loss of property rate revenue from the members of KLDA, the revenue base of CCN continued to grow over the years. This was attributed to a large extent the introduction of LATF and single business permit which provided additional revenue streams for CCN.

From a comparison between the annual rates collected at KLDA which is approximately 7 million and the revenue collected at CCN which is in excess of 3 billion annually over a period of 10 years, it is clear that the rates collected in the area are insignificant and perhaps the reason why CCN has not sought to comply with the court order so that KLDA members can remit the property rates to CCN.

Unfortunately, the study was not able to analyse debt levels at CCN as the same were not available. It was said that CCN had not been keeping records of debt levels every financial year. It would have been interesting to find out the relationship between the debt level at CCN and the court ruling.

5.3 Conclusions

The main objective of this study was to assess the impact of the judicial decision that permitted a tax revolt by members of KLDA through the court process on CCN's fiscal decision making process. The study has attempted to assess the impact of the judicial decision on both revenue and debt level at CCN.

The specific objective of this study was to examine the financial consequences arising out of the ruling in favour of KLDA. As regards revenue collection, the study has by analysing the financial data available shown that the same did not decline following the ruling in favour of KLDA. From the findings presented, the revenue collection was not significantly affected by the non- payment of property rates by the members of KLDA.

The study was unable to find data on debt levels at CCN as the only available information with regard to debt was that it stood at about 5.7 billion as at the time of the interviews with interviewees from CCN. However, given that the total collections held by KLDA in respect of property rates stood at Kshs.60 million as at the time of the interview with officials from KLDA, I concluded that the non-payment of property rates by members of KLDA had not contributed significantly to the debt level of CCN.

As regards the coping strategies adopted by CCN following the court order, the study found that CCN had introduced new taxes, borrowed loans from the banks including Kshs.5 billion from Equity Bank, become vigilant in enforcement of existing by -laws among other measures to raise money for its operations.

The findings of the study lead to a conclusion that the revenue collection and debt levels at CCN were not significantly affected by the judicial decision in favour of KLDA members.

5.4 Recommendations

Having conducted the study on the impact of the judicial decision on the fiscal decision making at CCN, my recommendations are as follows;

- a) That CCN sets up the special rates fund as ordered by the court to enable it collect the land rates from KLDA members. Compliance with the court order would ensure that the 60 million currently held by KLDA would be remitted to CCN to enhance its service delivery capacity.
- b) That CCN should develop effective methods of debt collection to enable it collect the monies owed to it which according to the then town clerk stood at 51.3 billion as at 26th November, 2009. The money would go a long way in ensuring that CCN was able to meet its statutory obligations without resorting to borrowing from financial institutions.
- c) That as court orders are not issued in vain, while making judicial decisions, judicial officers consider giving a time limit within which the order is to be complied with as in the case under study, there was no time limit within which CCN was to comply with the orders which omission has resulted in CCN not setting up the special rates fund 17 years after the ruling. The situation as it stands is such that a section of the public are accessing services from CCN without making any payments for the same

clearly stretching an overburdened CCN. If the situation continues as it is, it is not long before other sections of rate payers protest payment of taxes without provision of commensurate services. In the present case, KLDA members should have the matter referred back to court for setting of a time limit within which the county of Nairobi should set up the special rates fund.

- d) That as far as is practicable the administrators and policy makers at County of Nairobi which is the successor of CCN ought to encourage public participation in formulation of policies, when considering increase in user fees and service charges to avoid multiple law suits seeking to bar its revenue collection activities. Public participation has been said to increase public acceptance.
- e) That the County of Nairobi should strive to ensure provision of adequate services to members of the public who are expected to pay taxes in line with the benefits received principle.

5.5 Areas for further study

The study investigated the effect of the case filed against CCN by members of KLDA on fiscal decision making at CCN. However in the recent past, there has been several other court cases seeking to limit revenue collection at CCN and as such further studies should be undertaken in future to establish the impact of such cases on the fiscal decisions.

During the study, it was noted that CCN had a large number of debtors who owed it over Kenya Shillings 50 billion. It was not clear what challenges the council had

faced in collection of these monies. As such a study ought to be conducted in this area with recommendations on strategies to be adopted by the County of Nairobi to ensure that the debts owed are collected in time to plug the perennial deficits witnessed in the county's budget.

REFERENCES

- Antunes, P., Kallis, G., Videira, N., & Santos, R. (2009). "Participation and evaluation for sustainable river basin governance", *Ecological Economics*, 68, 931–939.
- Aragones, E; & Sanchez- Pages, S. (2004). "A model of participatory Democracy: Understanding the case of Porto Alegre". *ESE Discussion papers 124*, Edinburg school of economics. University of Edinburg.
- Beito, D.T. (1989). *Taxpayers in Revolt: Tax Resistance During the Great Depression*. University of North Carolina Press.
- Berman, S. (1997). "Civil society and political institutionalization," *American Behavioral Scientist*, 40 (5), pp. 562-574.
- Burg, D. F. (2004). *A World History of Tax Rebellions: An Encyclopedia of Tax Rebels, Revolts and Riots from Antiquity to the Present*. New York.
- Chalmers, D. (1899). "Report by her majesty's commissioner and correspondence on the subject of the insurrection in the Sierra Leone protectorate, 1898"
- Chapman, J. (1997). "The continuing redistribution of Fiscal Stress: The Long run consequences of proposition 13". *Lincoln Institute of land Policy working paper no. WP98JCI*.
- Chapman, J. (1998). "Proposition 13; some unintended consequences" (PDF). Public policy Institute of California.
- Citrin, J. (1984). "The Legacy of proposition 13. California and the American Tax

Revolt, Proposition 13 Five Years Later. Terry Schwadion. Berkeley and Los Angeles: University of California Press

City Council of Nairobi: Abstract of Accounts 1990/91-1995-96, *Government printers*.

Coulthard, M. (2004). "Author Identification, idiolect and linguistic uniqueness". *Applied Linguistics* 25(4)

Dahl, R.A.(1989) .*Democracy and its critics*, New Haven, CT: Yale University Press.

Dahl, R.A. (1994). "A democratic dilemma: Systems effectiveness versus citizen participation". *Political Science Quarterly*, 109 pp23-24.

Dahl, R.A.(1997). *Polyarchy: Participation and opposition* pp124-188, New Haven(Connecticut) and London Yale University Press.

Fishkin, J. S. (1995) .*The Voice of the People: Public Opinion and Democracy*, New Haven: Yale University Press.

Gibbon(1946).*The History of the Decline and Fall of the Roman Empire*, chapters XLIX, LII; pp. 1685, 1857 Heritage Club edition Haven: Yale University Press

Irvin, R. A., & Stansbury, J (2004). *Citizen Participation in Decision Making: Is It Worth the Effort?* *Public Administration Review* 64(1): 55–65.

Kelsall, T.(2000). "Governance, Local Politics and Districtization in Tanzania", *African Affairs*, no.99,pp 533-551.

- Kiewiet, D.R., & Szakaly, K.(1996). "Constitutional Limitations on Borrowing: An Analysis of State Bonded Indebtedness." *Journal of Law, Economics and Organization*, 12, 62–97.
- King, S.C., & Stivers, C.(1998). *Government is us: Public Administration in an anti-government era*. Sage Publications.
- Kirchler, E.(2007). *The Economic Psychology of Tax behaviour*(2007) Cambridge
- Kousser T., Mathew D., and Moule, E.(2008). "For Whom the TEL Tolls: can state Tax and Expenditure Limits effectively reduce spending?" *State Politics and Policy Quarterly*, Vol.8, No.4:pp.331-361.
- Krieger, M.(1994). "Cameroon's democratic crossroads, 1990-4" *The journal of Modern African Studies*.
- La Porte, R.T., & Metlay, D.S.(1996). "Hazard and Institutional Trustworthiness. Facing a deficit of trust". *Public Administration review* 56(4) 341-47.
- Longden, H.T. (1914). "The future of Rhodesia", *The Quarterly Review*.
- Loughin, M., & Quinn P.M.(1993). "Prisoners Rules and Courts: A study in administrative law" .*MLR* 497, 508.
- Loveland, I. (1995). *Housing homeless persons: administrative law and the administrative process*. Oxford: Clarendon Press, New York, Touchstone.
- NRC – National Research Council of the National Academies (2008). "Public Participation in Environmental Assessment and Decision Making". *Panel on Public Participation in Environmental Assessment and Decision*

Making, Thomas Dietz and Paul C. Stern, eds. *Committee on the Human Dimensions of Global Change. Division of Behavioral and Social Sciences and Education, The National Academies Press: Washington DC, USA.*

O' Sullivan, A., Sexton T.A., & Sheffrin, S.M. (1995) *Property taxes and tax revolts: The legacy of proposition 13*, Cambridge press.

O' Leary, R., Vig, N., & Kraft, M. (2009). "Environmental policy," 7th Edition *Washington DC: Congressional Quarterly*, pp. 125-147. '2009.

O'Leary, R., & Wise, C.R. (1991). "Public managers, judges, and legislators: Redefining the new partnership". *Public Administration Review*, 51(4), 316-327.

Owen, A.L.; Videras, J., & Willemsen, C. (2008). "Democracy participation and Life satisfaction", *Social Science Quarterly, Southwestern Social Science Association*, vol. 89(4), pages 987-1005.

Peters, D., Elmendorf, A., Kandola, K., & Chellaraj, G. (2000). "Benchmark for Health Expenditures, Services and Outcomes in Africa during the 1990s". *Bulletin of the World Health Organisation* 78(6)

Richardson, G., & Machin, D. (1991). A Clash of value? *Mental health review tribunal and judicial review, Journal of mental health Law* 191):3.

Richter, P. (1984). *California and the American Tax Revolt: Proposition 13 five years later.*

Schooley, S. E. (2008). *Appreciative Democracy: "The Feasibility of Using*

Appreciative Inquiry at the Local Government Level by Public Administrators to Increase Citizen Participation.” *Public Administration Quarterly*, Summer 2008, pp. 255-293.

Sen, A.(1999). *Development as Freedom*. Oxford: Oxford University Press.

Shay, J. (1994) *Achilles in Vietnam; Combat Trauma and undoing of character, the “new partnership.”* *Public Administration Review*, 51(4), 316–327. (1991)

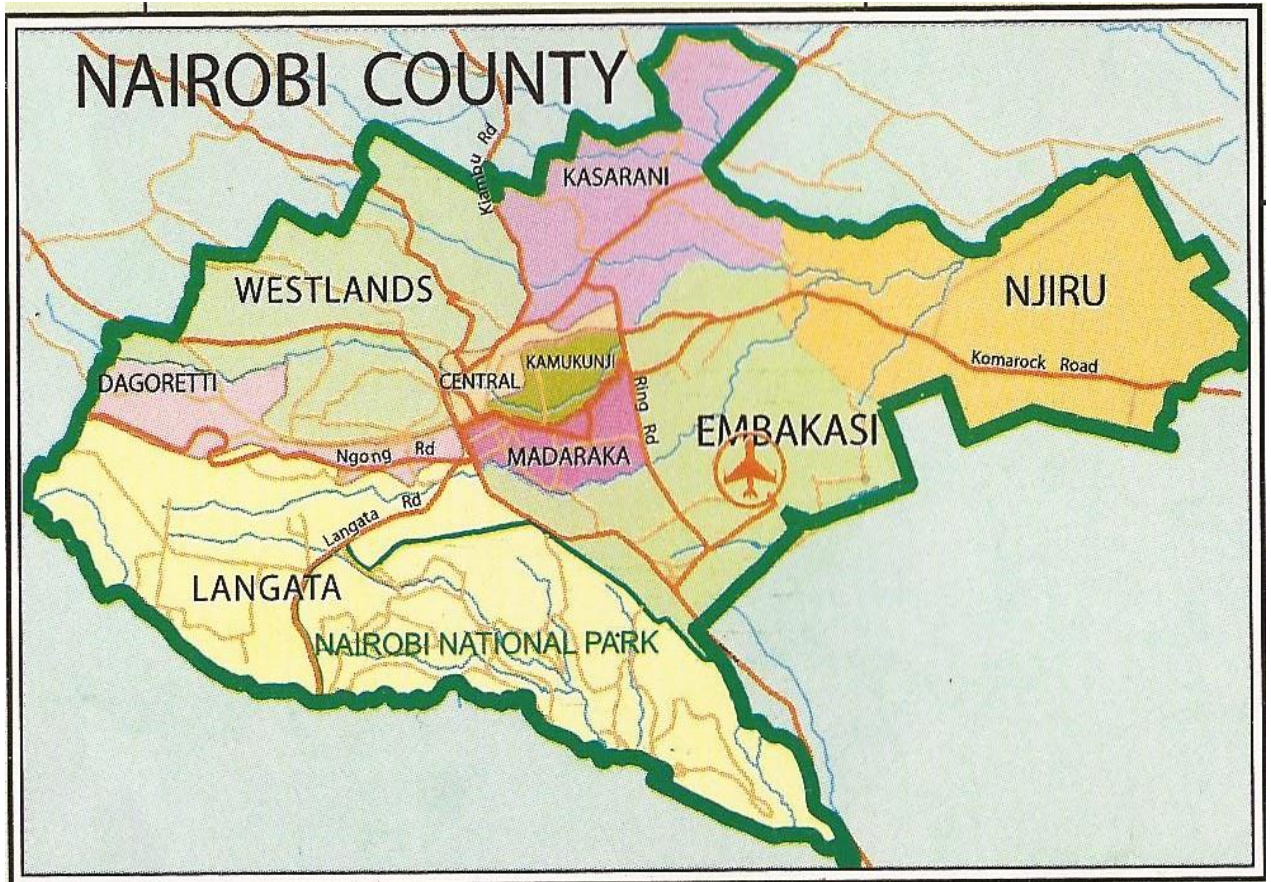
Thomas, R.“(2003). Asylum appeals overhauled again, Public Law, 260-271
Tolls: Can State Tax and Expenditure Limits Effectively Reduce Spending?” *State Politics and Policy Quarterly*, Vol. 8, No. 4: pp. 331–361.

Wang, X.(2001). “Assessing public participation in U.S.cities”. *Public Performance & Management Review*, 24(4), 322–336.

Yang, K., & Callahan, K. (2007). “Citizen involvement efforts and bureaucratic responsiveness: Participatory values, stakeholder pressures, and administrative practicality”. *Public Administration Review*, 67(2), 249–264.

APPENDICES

Appendix 1 – Nairobi County Map



Appendix 2 - Karengata Aerial Map (Nairobi)



Appendix 3 – Property Rates Zones (Nairobi County)

ZONE	AREA	NO. OF RATEABLE PROPERTIES AS AT MARCH 2013
A	CITY CENTRE	1848
B	INDUSTRIAL AREA	401
C		973
D		152
E		251
F		NAIROBI SOUTH & WEST
G	KILIMANI, THOMSON, RIVERSIDE	9453
H	UPPER PARKLANDS, KILELESHWA	115
J	HILL AREA	1936
K	BERNARD & LAVINGTON ESTATES	160
L	OLD MUTHAIGA	447
M	PARKLANDS	1295
N	LOWER PARKLANDS	826
P	PANGANI	3140
Q	EASTLEIGH	1487
R	MATHARE	1672
S	EASTLANDS	7580
T	ROSSLYN, KABETE, LOWER KABETE	7324
	SPRING VALLEY	
U	MOUNTAIN VIEW, KAHAWA	15200
	GARDEN ESTATE THOME RUARAKA	
V	ZIMMERMAN, NGEI, DANDORA KARIOBANGI, DONHOLM	50521
	KASARANI, EMBAKASI, OUTERING, MOI OTIENDE	
W	KAREN / LANGATA	5217
X	DAGORETI & EXTENDED AREA & KANGEMI	9514