

**Karnataka Municipal Corporations And Certain Other Law  
(Amendment) Act, 2011**

**24 of 2011**

**[02 April 2011]**

CONTENTS

1. Short Title And Commencement
2. Amendment Of The Karnataka Act 14 Of 1977
3. Amendment Of The Karnataka Act 22 Of 1964

**Karnataka Municipal Corporations And Certain Other Law  
(Amendment) Act, 2011**

**24 of 2011**

**[02 April 2011]**

An Act further to amend the Karnataka Municipal Corporations Act, 1976 and the Karnataka Municipalities Act, 1964. Whereas it is expedient further to amend the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977) and the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964) for the purposes hereinafter appearing; Be it enacted by the Karnataka State Legislature in the Sixty Second year of the Republic of India, as follows:-

**1. Short Title And Commencement :-**

- (1) This Act may be called the Karnataka Municipal Corporations and Certain Other Law (Amendment) Act, 2011.
- (2) It shall come into force from such date as the State Government may, by notification, appoint, different dates may be appointed for different provisions of this Act.

**2. Amendment Of The Karnataka Act 14 Of 1977 :-**

In the Karnataka Municipal Corporations Act, 1976 (Karnataka Act 14 of 1977),-

- (i) after Chapter IX, the following shall be inserted, namely:-

## "CHAPTER IX-A

### Establishment of the Karnataka Property Tax Board

102A. Definitions.--For the purposes of this Chapter, unless the context otherwise requires,-

- (a) "Board" means the Karnataka Property Tax Board;
- (b) "Fund" means the Karnataka Property Tax Board Fund;
- (c) "Municipality" means a municipal corporation established under section 3 of the Karnataka Municipal Corporations Act, 1976 or a city or a town municipal council incorporated under section 10 or a town panchayat constituted under section 351 of the Karnataka Municipalities Act, 1964.

102B. Act to override other laws.--Notwithstanding anything contained in any law for the time being in force, no municipality or corporation shall determine the rate of any zone, area or any nature or class of building for taxation without consultation of the Board.

102C. Establishment of the Board.--(1) The State Government may, by notification establish, for the purposes of this Chapter, a Board to be called the Karnataka Property Tax Board.

(2) The Board shall be a body corporate with perpetual succession and a common seal and may sue or be sued in its corporate name and shall be competent to acquire, hold and dispose of any property, both movable and immovable, to enter into contracts and to do all things necessary for the purposes of this Act.

(3) The Head quarters of the Board shall be at Bangalore with branches at such other places as it deem necessary.

102D. Composition of the Board.--(1) The Board shall consist of a Chairperson and such number of members including ex-officio members not exceeding four as may be appointed by the State Government.

(2) The Chairperson shall be a person who is or has been an officer of the State Government not below the rank of Secretary to Government including ex-officio Secretary:

Provided that not exceeding two members shall be persons having knowledge and experience in the fields of municipal administration, valuation of properties, accountancy, law and urban planning as the State Government may prescribe.

(3) The Chairperson and the members of the Board shall hold office for a period of five years:

Provided that on expiry of the term of the office of Chairperson or member, he shall not be eligible for reappointment as Chairperson or member and for further appointment to any office of profit under

the Government of the State or in any corporation, company, society or university by or under the control of the State Government.

(4) The terms and conditions of service, including salaries and allowances of the Chairperson and members of the board, shall be such as may be prescribed by the State Government.

102E. Validation.--Notwithstanding anything contained in this Chapter, no action of the Board shall be invalid or otherwise in question merely on the ground of the existence of any vacancy in the office of the members of the Board.

102F. Functions of the Board.--The Board shall perform the following functions, namely:-

(a) enumerate, or cause to enumerate, all class of properties and rates prevailing in zones or areas in the municipality in the state and develop a data-base;

(b) review the property tax system and suggest suitable basis for capital valuation of properties or the annual taxable value;

(c) design and formulate transparent procedure for determination of capital valuation of properties or annual taxable value;

(d) recommend tax rate for different classes of building or area or zones of the municipalities;

(e) recommend modalities or basis for periodic revision;

(f) shall assist municipalities in determining the rates of any zone, area or any class of building;

(g) ensure transparency in capital valuation process or annual taxable value and facilitate disclosure of the same for fair comparison;

(h) publish the work plan in the state Gazette;

(i) the Board may make recommendations for determining the market value guidelines for the purpose of levying and collecting the property tax based on the market value guidelines as provided under section 45B of the Karnataka Stamp Act, 1957;

(j) the Board may also discharge such other functions in the field of valuation including development expertise in valuation of land and building;

(k) the Board may undertake directly or through any institution, training of officers and employees of the Corporation and Municipalities as the State Government may direct or as the Board may consider it necessary for carrying out the purposes of this Chapter; and

(l) such other functions as may be prescribed.

102G. Publication of draft valuation rates.--(1) When the

determination of valuation of any class of lands and buildings or of any area or zone in any municipality has been completed, the Board shall cause such draft valuation rates be published in such manner, as may be prescribed and shall specify a date of not less than thirty days within which suggestions to the draft valuation rates may be filed.

(2) After the expiry of the date specified in sub-section (1) and within such period thereafter as may be prescribed, the suggestions on the draft valuation rates shall be considered by the Board.

(3) After considering suggestions if any, the Board shall prepare a final valuation rates and shall recommend the final rates in respect of any area or zone or any class of building to the municipality.

102H. Appointment of staff.--(1) The Board may, by regulations make provisions for method of recruitment and conditions of service of the employees of the Board.

(2) Subject to such conditions of service as may be specified by regulations made in this behalf, the Board may appoint a Secretary and such other officers as may be required to enable the Board to carry out its functions under this Act.

102I. Appointment of staff of municipality or any other local authority.--The Board may appoint on deputation such number of staff of the municipality or any other local authority as the case may be, on such terms and conditions as may be determined by regulation.

102J. Funds of the Board.--(1) The Board shall have a Fund to be called the State Property Tax Board fund to which shall be credited,-

(a) such money as may be paid to the Board by the municipalities and other local authorities under section 102L; and

(b) such money as may be paid to the Board by the State Government or any other authority or agency.

(2) All money received by the Board shall be deposited in one or more nationalized banks as may be prescribed.

102K. Grants or loans to the Board.--The State Government may extend grants to the Board on such terms and conditions as the State Government may determine.

102L. Municipalities to make payment to the Board.--Subject to the rules made in this behalf, every Municipality or any other local authority, as the case may be shall pay to the Board such proportion of the expenditure as may be prescribed incurred by the Board for performing its functions under section 102F.

102M. Annual Report.--The Board shall prepare an annual report of

its activities during the year in such form as may be prescribed by the State Government and the Annual Report shall be placed before the Legislature of the State.

102N. Expenditure incurred on account of salaries and allowances including contingencies.--(1) The expenditure incurred by the Board for meeting the salaries and allowances including contingencies of the Chairperson, members, Secretary, officers and employees serving under or for the Board shall be defrayed out of the Fund of the Board.

(2) The expenditure towards contingencies for undertaking normal activities of the Board shall be met out of the Fund of the Board.

102O. Budget.--(1) The Board shall prepare each year in such form and within such time, as may be prescribed, a budget in respect of the ensuing financial year, showing the estimated receipts and expenditure and shall forward a copy of the same to State Government for approval.

(2) The State Government may accord such approval and make such additions, alterations, and modifications thereon as it thinks fit.

102P. Expenditure and accounts.--(1) The Board shall have the same financial powers as are exercisable by the Secretary of a department of the State Government. Matters beyond such financial year powers shall be referred by the Board to the State Government for decision.

(2) The Board shall keep accounts of all receipts and expenditure and prepare annual account, in a regular manner as per standard accounting norms or in such manner as may be prescribed.

102Q. Audit.--(1) The Board shall cause its accounts to be audited annually, by an auditor to be appointed by the State Government and the auditor so appointed shall have the right to demand the production of books, documents and other papers of the Board.

(2) The annual accounts prepared under sub-section (2) of section 102P shall be placed to the auditor for audit. As soon as the accounts have been audited, the Board shall send a copy thereof together with a copy of the report of the auditor to the State Government.

(3) The Board shall comply with such directions as the State Government may, after perusal of the report of the auditor, think fit to issue in this behalf.

(4) The Board shall pay out of the fund such sum as may be determined by the State Government by way of fees if any for such audit.

102R. Delegation of powers.--(1) Subject to the rules made by the State Government, the Board may delegate any of its powers and functions including financial powers to the Chairperson of the Board except the power to make rules.

(2) The Board may also delegate any of its powers and functions to any other officers of the Board by a resolution adopted by it in this behalf.

102S. Member, officers and employees to be public servants.--Every member of the Board or every officer or employee of the Board shall, when acting or purporting to act under the provisions of this Act, be deemed to be a public servant within the meaning of section 21 of the Indian Penal Code (Act No. 45 of 1860).

102T. Secretary to carry on correspondence.--The State Government may appoint an officer not below the rank of Group A Senior to be the Secretary of the Board who shall be the Chief Executive of the Board. All correspondence relating to any matter dealt with, by or under this Act or under any other law between the Board and the Government or other authority shall be conducted by the Secretary and the Secretary shall send copies of such correspondence to the Chairperson of the Board. The Secretary shall sue and be sued on behalf of the Board.

102U. Custody of records.--The Secretary shall be responsible for the custody of all records of the Board including all papers and documents connected with the proceedings of the Board.

102V. Control over the Board establishment.--Subject to the provisions of this Chapter and rules and regulations made thereunder, the Secretary shall specify the duties of persons borne on the Board and exercise powers of supervision and control over them and decide all questions relating to their conditions of service.

102W. Notice to be given of suits.--(1) No suit shall be instituted against the Board or against any officer or servant of the Board or against any person acting under the order or direction of the Board or any officer or other servant, in respect of any act done, or purporting to have been done in pursuance of this Act or any rule or regulation made thereunder, until the expiration of two months after notice in writing has been left at the office of the Board and, in the case of such officer, servant or person, unless notice in writing has also been delivered to him or left at his office or place of residence, and unless such notice states explicitly the cause of action, the nature of the relief sought, the amount of compensation claimed and the name and place of residence of the intending plaintiff and unless the plaint contains a statement that such notice

has been so left or delivered.

(2) Nothing in sub-section (1) shall be deemed to apply to a suit in which the only relief claimed is an injunction of which the object would be defeated by giving of the notice or the postponement of institution of the suit.

102X. Power of the Government to make rules.--(1) The Government may, after previous publication, by notification, make rules to carry out the purposes of this Chapter:

Provided that no previous publication shall be necessary for any rule made for the first time after the commencement of this Chapter.

(2) In particular and without prejudice to the generality of the foregoing power such rules may provide for,-

(a) all matters expressly required and allowed in this Chapter or any other law to be prescribed;

(b) conduct of business of the meetings and inspections of the Board;

(c) regulate or prohibit the moving of any resolution or making or any motions on or the discussion of any matter unconnected with the municipal administration;

(d) prescribe the accounts to be kept by the Board, the manner in which such accounts shall be audited and published;

(e) prescribe the forms of all registers, reports and returns, the manner in which such registers shall be maintained, the dates on which the reports and returns shall be made and the officers to whom they shall be sent, as also of warrants and notices of sale.

102Y. Removal of difficulties.--(1) Notwithstanding anything contained in this Chapter or in any other law, the Government may, by notification, published in the official Gazette, make such provision not inconsistent with the provisions of this Act as appears to it to be necessary and expedient,-

(a) for making omissions from, additions and to adaptations and modifications of regulations, notifications and orders in their application to the Board;

(b) for removing difficulties arising in connection with the transition to the provisions of this Chapter."

(ii) in section 150, after sub-section (2), the following shall be inserted, namely:-

"(2A) Subject to provisions of any law for the time being in force expenditure in each Municipal Corporation in a year in the State shall be subjected to technical guidance and supervision by the Comptroller and Auditor General of India through complementary

audit and submission of Annual Technical and Inspection Report.

(2B) The Controller, State Accounts Department shall send Annual Report of the State Accounts Department pertaining to municipal authorities of the Bruhat Bangalore Mahanagara Palike submitted by the Chief Auditor to the State Government for being placed before the Legislature.

(2C) The Controller, State Accounts Department shall send Annual Report of the State Accounts Department pertaining to all municipal corporations other than the Bruhat Bangalore Mahanagara Palike to the Director of Municipal Administration appointed under the provisions of the Karnataka Municipalities Act, 1964 who shall in turn submit such report to the Government for placing it before the State Legislature.

(2D) The Comptroller and Auditor General of India shall submit the Annual Technical and Inspection Report under sub-section (2A),-

(i) in the case of the Bruhat Bangalore Mahanagara Palike to the State Government for placing it before the State Legislature;

(ii) in the case of Municipal Corporations other than the Bruhat Bangalore Mahanagara Palike to the Director of Municipal Administration who shall in turn submit such report to the Government for placing it before the State Legislature."

### **3. Amendment Of The Karnataka Act 22 Of 1964 :-**

In the Karnataka Municipalities Act, 1964 (Karnataka Act 22 of 1964),-

(i) after section 101, the following shall be inserted, namely:-

"101A. Application of provisions.--(1) The provisions of Chapter IX-A of the Karnataka Municipal Corporations Act, 1976 shall mutatis mutandis apply to the municipalities established under this Act and the Karnataka Property Tax Board established under section 102D of the said Act shall be deemed to be the Property Tax Board for the purpose of this Act and the said Board shall have jurisdiction over the municipalities established under this Act.

(2) No municipality or any officer of the municipality shall determine the valuation of any zone, area or any nature or class of building without consulting the Karnataka Property Tax Board. "

(ii) in section 290, after sub-section (1), the following proviso shall be inserted, namely:-

"Provided that subject to any other law for the time being in force, expenditure in a municipality in a year shall be subjected to technical guidance and supervision by the Comptroller and Auditor



General of India through complementary audit and submission of Annual Technical and Inspection Report."

(iii) in section 295, after sub-section (5), the following shall be inserted, namely:-

"(6) The Controller, State Accounts Department shall send Annual Report of the State Accounts Department pertaining to all the municipal councils to the Directorate of Municipal Administration who shall in turn submit such report to the Government for placing it before the State Legislature.

(7) The Comptroller and Auditor General of India shall submit the Annual Technical and Inspection Report under sub-section (1) of section 290 to the Director of Municipal Administration who shall in turn submit such report to the Government for placing it before the State Legislature."

(iv) after section 388, the following section shall be inserted, namely:-

"388A. Direction and control.--(1) without prejudice to any of the provisions of this Act and notwithstanding anything contained in any other law for the time being in force, the State Government or as the case may be the Director of Municipal Administration shall require,-

(a) all City Municipal Councils, Town Municipal Councils and Town Panchayats and all its officers;

(b) all Municipal Corporations other than Bruhat Bangalore Mahanagara Palike established under the Karnataka Municipal Corporations Act, 1976 and all its officers,-

(i) to produce any record, correspondence or other documents;

(ii) to furnish any return, plan, estimate, accounts or statistics; and

(iii) to furnish or obtain any report;

and thereupon such City Municipal Council, town Municipal Council, town Panchayat or as the case may be Municipal Corporation shall comply with such requirement.

(2) The Director of Municipal Administration or as the case may be the State Government may depute any of its officers to inspect or examine any department, office, service, work or property of the City Municipal Council, Town Municipal Council, Town Panchayat or as the case may be the Municipal Corporation and to report thereon and such officer may, for the purpose of such inspection or examination, exercise all the powers of the State Government or the Director of Municipal Administration."

