



Press Office of the Constitutional Court

Press release of 2 May 2019

BUDGET SURPLUSES ARE INCOMPATIBLE WITH MULTI-YEAR FINANCIAL RECOVERY PLANS

Budget surpluses, indicating a positive financial performance, are unified amounts and therefore absolutely incompatible with the adoption of multi-year financial recovery plans, which instead presuppose the existence of liabilities that are staggered over time.

This was established in Judgment no. 105, filed today (Judge Rapporteur: Aldo Carosi), with which the Constitutional Court held inadmissible, due to lack of significance, a question raised by the Court of Auditors, Review Division for Sicily Region.

In the judgment, the Constitutional Court underscored the contradiction inherent in Article 5(11-*septies*) of Law No. 244 of 2016, where it establishes the power to decide on new financial recovery plans for local authorities that have attained an improved budget surplus.

This contradiction is absolute in nature.

The Constitutional Court found that the terminological imprecision is not harmless. Indeed, in the past, ambiguous formulations in certain annexes to the budget prepared by the State legislator led to the enactment of regional budget laws that were [later] declared unconstitutional (see the cases involving the Regions of Liguria, Judgment no. 274 of 2017, and Abruzzo, Judgment no. 49 of 2018). In those cases – as opposed to the one at hand – the Government had challenged the regional legislation and the Regions' interpretation of the annexes prepared by the State legislator on the basis of the principle of the unified nature of budgetary outcomes and the incompatibility of budget surpluses with deficits that are staggered over time.

The Constitutional Court concluded that budgetary surpluses are incompatible with the adoption of multi-year financial recovery plans, and provided a strong reminder of the principle of transparency of public finances.

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