



REPUBLIC OF KENYA

PARLIAMENT OF KENYA

THIRTEENTH PARLIAMENT – THIRD SESSION

THE REPORT OF THE MEDIATION COMMITTEE ON THE DIVISION OF
REVENUE BILL (NATIONAL ASSEMBLY BILLS NO. 14 OF 2024)

JOINT CLERKS CHAMBERS,
PARLIAMENT BUILDINGS,
NAIROBI.

THE NATIONAL ASSEMBLY PAPERS LAID	
DATE: 04 JUN 2024	DAY: TUESDAY
TABLED BY:	HON. MOHDI MORO, CBS, MP CO-CHAIRPERSON
CLERK-IN-CHARGE OF THE TABLE:	INZOFU MWALE

MAY 2024

TABLE OF CONTENTS

1.0 Introduction.....	3
1.1 Establishment of the Committee.....	3
1.2 Mandate of the Mediation Committee.....	4
1.3 Committee Meetings and Methodology.....	4
1.4 Acknowledgements.....	5
2.0 Background.....	7
3.0 Consideration of the Division of Revenue Bill, (National Assembly Bills No. 14 of 2024) by the Mediation Committee.....	8
4.0 Committee Recommendation.....	9

1.0 Introduction

1.1 Establishment of the Committee

1.1. The Mediation Committee on the Division of Revenue Bill (National Assembly Bills No. 14 of 2024) was constituted by Speaker of the National Assembly and Speaker of the Senate on 14th May 2024 and 16th May 2024, respectively, pursuant to Standing Order 149 of the National Assembly Standing Orders and Standing Order 166 of the Senate Standing Orders.

The Committee membership was constituted as follows-

NO	NAME	DESIGNATION
1.	Hon. Ndindi Nyoro, CBS, MP	Co-Chairperson
2.	Sen. Kathuri Murungi, MGH, MP	Co-Chairperson
3.	Hon. Otucho, Mary Emaase, MP	Member
4.	Sen. Fatuma Dullo, CBS, MP	Member
5.	Hon. Chumel, Samwel Moroto, CBS, MP	Member
6.	Sen. (Dr.) Boni Khalwale, CBS, MP	Member
7.	Sen. Mohamed Faki Mwinyihaji, CBS, MP	Member
8.	Hon. (Dr.) Mulu Makali, MP	Member
9.	Sen. Agnes Muthama, MP	Member
10.	Hon. Ochieng, David Ouma, MP	Member
11.	Sen. Jackson Mandago, EGH, MP	Member
12.	Hon. Atandi, Samuel Onunga, MP	Member
13.	Sen. Mohamed Chute, MP	Member
14.	Hon. Guyo, Ali Wario, MP	Member
15.	Hon. Mokaya, Nyakundi Japheth, MP	Member
6.	Sen. Eddy Gicheru Oketch, MP	Member
7.	Sen. Moses Kajwang, MP	Member
.	Hon. Lesuuda, J. Naisula, OGW, MP	Member

1.2 Mandate of the Mediation Committee

The Mediation Committee derives its mandate from the provisions of Articles 112 and 113 of the Constitution, Standing Order 149 of Standing Orders of the National Assembly and Standing Order 166 of Standing Orders of the Senate which outlines the functions of the Committee as follows-

- i. To consider Bills where the Houses do not agree on all or any of the amendments made by either Houses;*
- ii. To consider Bills where either House rejects a Motion that a Bill which originated in the other House be read a Second or Third time; and,*
- iii. To attempt to develop a version of the Bill that both Houses will pass.*

The Committee was established to develop an agreed version of the Division of Revenue Bill (National Assembly Bills No. 14 of 2024). The version would then be presented to both Houses for approval pursuant to Standing Order 150(1) of the Standing Orders of the National Assembly and standing order 167 (1) of the Standing Orders of the Senate.

1.3 Committee Meetings and Methodology

The Committee held a total of three (3) sittings to deliberate on the Bill in accordance with the Constitution and relevant provisions of the Standing Orders of the Senate and the National Assembly.

During the first sitting, the Committee appointed Hon. Ndindi Nyoro, CBS, M.P. and Sen. Kathuri Murungi, MGH, MP, as the co-chairs of the Committee pursuant to Standing Order 166 (4) of Standing Orders of the Senate and Standing Order 149(4) of Standing Orders of the National Assembly.

This report includes a version of the Bill developed by the Committee for consideration by both Houses.

The Committee deliberated on the proposed allocations and resolved that-

- a) The national level of Government be allocated Kshs. 2,540,153,902,710 for the Financial Year 2024/25; and
- b) The county level of government be allocated Kshs. 400,116,788,147 for the Financial Year 2024/25.

1.4 Acknowledgements

The Mediation Committee appreciates the offices of the Speakers and the Clerks of both Houses of Parliament for the support extended in the execution of its mandate.

The Co-Chairpersons in particular, extend their appreciation to all the Members of the Committee for their patience, sacrifice, endurance and commitment to completing the assignment under tight schedule.

Finally, it is now my pleasant duty and privilege, on behalf of the Mediation Committee to table the report on the Division of Revenue Bill(National Assembly Bills No.14 of 2024) and to recommend the adoption of the agreed version of the Bill to the Houses, pursuant to Article 113(2) of the Constitution and Standing Order 167(3) of the Standing Orders of the Senate, and standing order 150(3) of Standing Order of the National Assembly.

Signed.....

Sen. Kathuri Murungi, MGH, MP

Co-Chairperson

Date.....29.05.2024.....

Signed.....


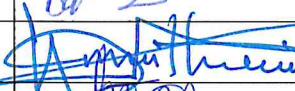



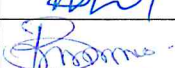
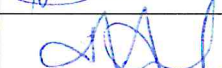
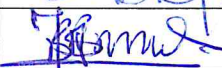








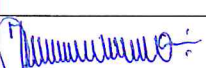
Hon. Ndindi Nyoro, CBS, MP

Co-Chairperson

Date.....29.05.2024.....

Pursuant to Standing Order 223(2) of the Senate Standing Orders, and Standing Order 199(4) of the National Assembly Standing Orders, the Mediation Committee adopted the

report on Division of Revenue Bill (National Assembly Bills No. 14 of 2024). The Members of the Committee hereby affix their signatures to this Report to affirm adoption the Report –

NO.	NAME	DESIGNATION	SIGNATURE
1.	Hon. Ndindi Nyoro, CBS, MP	Co-Chairperson	
2.	Sen. Kathuri Murungi, MGH, MP	Co-Chairperson	
3.	Hon. Otucho, Mary Emaase, MP	Member	
4.	Sen. Fatuma Dullo, CBS, MP	Member	
5.	Hon. Chumel, Samwel Moroto, CBS, MP	Member	
6.	Sen. (Dr.) Boni Khalwale, CBS, MP	Member	
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10.	Hon. Ochieng, David Ouma, MP	Member	
11.	Sen. Jackson Mandago, EGH, MP	Member	
12.	Hon. Atandi, Samuel Onunga, MP	Member	
13.	Sen. Mohamed Chute, MP	Member	
14.	Hon. Lesuuda, J. Naisula, OGW, MP	Member	
15.	Sen. Eddy Gicheru Oketch, MP	Member	
16.	Hon. Guyo, Ali Wario, MP	Member	
17.	Sen. Moses Kajwang, MP	Member	
18.	Hon. Mokaya, Nyakundi Japheth, MP	Member	

2.0 Background

1. The Division of Revenue Bill, 2024 (National Assembly Bill No. 14 of 2024) was published on 8th March 2024 and was introduced in the National Assembly on Tuesday 12th March 2024. It was subsequently committed to the Budget and Appropriations Committee for review and recommendations, pursuant to standing order 127(2) of the National Assembly Standing Orders.
2. The National Assembly considered the Bill and approved it on Wednesday, 20th March 2024 without amendments (as published). Subsequently, the Bill was referred to the Senate for concurrence pursuant to Article 110 (4) of the Constitution.
3. The Bill was read a First Time in the Senate on Wednesday, 27th March 2024. Consequently, pursuant to standing order 145 of the Senate Standing Orders, the Bill was committed to the Standing Committee on Finance and Budget for consideration and facilitation of public participation.
4. The Senate considered the Bill and passed it with an amendment that allocated counties an equitable share amount of Ksh. 415.952 billion in FY 2024/25. This required an additional allocation of Ksh. Ksh. 24.835 billion to the National Assembly proposal of Ksh. 391.117 billion.
5. The changes are summarized in table 1 below:

Type/Level of allocation	Bill as Published		Senate amendments		Changes
	Amount in Ksh.	*	Amount in Ksh.	*	
a. Total Sharable Revenue	2,948,123,505,582		2,948,123,505,582		-
b. National Government	2,549,153,902,710		2,524,318,490,857		(24,835,411,853)
c. Equalization Fund	7,852,814,725	0.50%	7,852,814,725	0.50%	-
d. County equitable share	391,116,788,147	24.90%	415,952,200,000	26.48%	24,835,411,853

* **Percentage (%) of 2020/21 audited and approved Revenue i.e. KSh. 1,570,562,945,014**

3.0 Consideration of the Division of Revenue Bill, (National Assembly Bills No. 14 of 2024) by the Mediation Committee

The Committee Considered the Bill and made the following observations-

- a) Devolution has played a critical role in the development of various regions in the country, and that devolution was working. The proposed allocation to county governments is insufficient and requires an increase.
- b) Some devolved functions were still performed by the national level of government, resulting in duplication of functions at both the county and national levels, such as Agriculture and Health.
- c) In the effort to ensure expenditure matches the projected revenue collection, the Government has rationalized the budget, and in the budget estimates, the projected total expenditure is set at Kshs.3.914 trillion, a difference of Kshs.270 billion.
- d) County governments are faced with additional expenditure demands due to implementation of key national government priority programmes such as the County Aggregation and Industrial Parks, and Community Health Promoters which are jointly funded by the national and county governments on a 50:50 matching basis.
- e) Other non-discretionary expenditure demands accrue from the new housing levy deductions, new National Social Security Fund (NSSF) contributions, new Social Health Insurance (SHIF) contributions and recently signed doctor's CBA.
- f) The proposed Kshs. 391.117 billion as county equitable share represents 24.9% of total sharable revenue thus above the prescribed threshold of 15%.
- g) There was a proposed additional conditional allocation to county governments for Health Facility Improvement and Equipping amounting to Kshs.4 billion that was approved in the 2024 BPS by the National Assembly. This allocation may be transferred to counties as part of equitable share.

- h) The Division of Revenue Bill must be approved by Parliament before tabling of the Budget Estimates. Thus, there is a need to expedite mediation process so that it does not interfere with the budget process.

4.0 Committee Recommendation

Having considered the possible options the Committee resolved THAT-

- c) The National Government Equitable share for the Financial Year 2024/25 be **Kshs. 2,540,153,902,710**; and
- d) The County Equitable share for the Financial Year 2024/25 be **Kshs. 400,116,788,147**.

Annex 1: Minutes of the Committee
Annex 2: Agreed version of the Bill



REPUBLIC OF KENYA

PARLIAMENT

NATIONAL ASSEMBLY BILLS
(Bill No. 14 of 2024)

THE DIVISION OF REVENUE BILL, 2024

(A version of the Division of Revenue Bill, 2024 (National Assembly Bills No. 14 of 2024) as agreed on 27th May, 2024, by a mediation committee appointed pursuant to Article 113 of the Constitution)

N.A. /B/No. 14/2024

A large, stylized handwritten signature in blue ink, appearing to read 'Arthur Mutahi Nguni'.

A small, handwritten signature or set of initials in blue ink, possibly 'AM'.

**THE DIVISION OF REVENUE BILL, 2024
ARRANGEMENT OF CLAUSES**

Clause

- 1—Short title.
- 2—Interpretation.
- 3—Object and purpose of the Act.
- 4—Allocations to national and county governments.
- 5—Variation in revenue.

SCHEDULE

**EQUITABLE SHARE OF REVENUE RAISED
NATIONALLY BETWEEN THE NATIONAL
AND COUNTY GOVERNMENTS FOR THE
2024/25 FINANCIAL YEAR**

APPENDIX

**EXPLANATORY MEMORANDUM TO THE
DIVISION OF REVENUE BILL, 2024**




THE DIVISION OF REVENUE BILL, 2024

A Bill for

AN ACT of Parliament to provide for the equitable division of revenue raised nationally between the national and county governments in the 2024/25 financial year, and for connected purposes

ENACTED by Parliament of Kenya, as follows—

1. This Act may be cited as the Division of Revenue Act, 2024. Short title.
2. In this Act, unless the context otherwise requires, “revenue” has the meaning assigned to it under section 2 of the Commission on Revenue Allocation Act. Interpretation.
Cap. 428
3. The object and purpose of this Act is to provide for the equitable sharing of revenue raised nationally between the national and county governments for the 2024/25 financial year in accordance with Article 203(2) of the Constitution. Object and purpose of the Act.
4. Revenue raised nationally in respect of the 2024/25 financial year shall be shared equitably among the national and county governments as set out in the Schedule to this Act. Allocations to national and county governments.
5. (1) If the actual revenue raised nationally in the financial year falls short of the expected revenue set out in the Schedule, the shortfall shall be borne by the national government. Variation in revenue.
(2) If the actual revenue raised nationally in the financial year exceeds the projected revenues set out in the Schedule, the excess revenue shall accrue to the national government, and may be used to reduce borrowing or pay debts.



SCHEDULE (s.4)

ALLOCATION OF REVENUE RAISED NATIONALLY BETWEEN THE NATIONAL GOVERNMENT AND COUNTY GOVERNMENTS FOR THE 2024/25 FINANCIAL YEAR

Type/level of allocation	Amount in Ksh.	Percentage (%) of 2020/21 audited and approved Revenue i.e. Ksh.1,570,562,945,014
A. Total Sharable Revenue	2,948,123,505,582	
B. National Government	2,540,153,902,710	
C. Equalization Fund	7,852,814,725	0.50%
D. County equitable share	400,116,788,147	25.48%

