

In some EU and EFTA countries, in the national accounts context, a state government subsector is defined. This is the case in Belgium, Germany, Spain, Austria and Switzerland. When applicable, state government is one of the four possible subsectors of general government.

In a colloquial context, **state government** could be described as the separate institutional units that exercise some government functions below those units at [central government](#) level and above those units at [local government](#) level, excluding the administration of [social security funds](#) .

In [ESA 2010](#) , **state government** is defined in paragraph 20.63 and 20.64.

ESA 2010 20.63: *The state government (excluding social security) subsector (S.1312) consists of all government units in a federal system of government having a state or regional sphere of competence, with the possible exception of social security units. A state is the largest geographical area into which the country as a whole is divided for political or administrative purposes. Such areas are known by terms such as provinces, Länder, cantons, republics, or administrative regions. They all enjoy the sufficient level of power required in a federal system of government. The legislative, judicial, and executive authority of a state government extends over the entire area of an individual state, which usually includes numerous localities, but does not extend over other states. In many countries, state governments do not exist. In federal countries, considerable powers and responsibilities may be assigned to state governments, and compiling a state government subsector is appropriate in such cases.*

ESA 20.64: *A state government usually has the fiscal authority to levy taxes on institutional units that are resident in, or engage in economic activities in, its area of competence. To be recognised as a government unit, the entity must be able to own assets, raise funds, and incur liabilities on its own account, and it must also be entitled to spend or allocate at least some of the taxes or other income that it receives according to its own policies. The entity may, however, receive transfers from the central government that are tied to certain specified purposes. A state government is able to appoint officers independently of external administrative control. If a government entity operating in a state is entirely dependent on funds from central government, and if central government also dictates the ways in which those funds are to be spent, then the entity is an agency of central government.*

## Related concepts

- [Central government](#)
- [General government sector](#)
- [Local government](#)
- [Social security funds](#)