

Law of the Republic of Estonia on
Agricultural Reform

I General Provisions

#1. Tasks of the Law

(1) This law, which proceeds from "The Law on the Bases of Ownership Reform" from June 13, 1991 (hereinafter referred to as the Bases; Riigi Teataja ("State Announcer") 1991, no.21, art. 257), regulates the return and compensation of the nationalized property in agriculture and the reorganization or liquidation of collective farms (further - the agricultural reform).

(2) In the process of agricultural reform the agriculture shall transfer mainly to farming and other forms of entrepreneurship based on private property.

#2. Terms Used in the Law

In this law the terms shall be used as follows:

interfarm enterprise (joint enterprise between farms) - enterprise or other organization, which is established by collective farms through uniting their money and other property;

shareholder farm - collective farm, which has invested its money or other property into interfarm enterprise in the form of shares or stocks;

collective farm - 1) kolkhoz, incl. fishing kolkhoz;

2) enterprise or other organization, which is established by apportioning the property of the kolkhoz;

3) state-owned agricultural enterprise;

property of the collective farm - worthies in the balance, monetary or material form of the collective farm, including the shares and the stocks in other organizations, loans and debts and other property rights and obligations;

co-operative - co-operational organization of agricultural producers, primary task of which is to satisfy the needs of its members by joint usage of the property.

#3. Justified and Obligated Subjects of Agricultural Reform

(1) Justified subjects of the agricultural reform are:

1) former owners of the nationalized property and their legal successors (according to the Bases #7-#9);

- 2) members and permanent workers of the collective farms;
- 3) persons, who have retired from collective farms;
- 4) former members and permanent workers of the collective farm, who have worked in the collective farm at least 5 years;
- 5) former members and permanent workers of the collective farm, who have started farming and who's last job was in the collective farm;
- 6) former permanent workers of the collective farm or their heirs, if they have started or are going to start farming;
- 7) persons, who work in the state post of the Republic of Estonia or in the eligible post of local government, if their previous job was in the collective farm;
- 8) creditors of the collective farm and other persons, to whom the collective farm has the property obligations;
- 9) collective farm as the shareholder of interfarm enterprise;
- 10) local government;
- 11) Republic of Estonia;
- 12) other persons according to the #14 of this law.

(2) Obligated subjects of agricultural reform are collective farms and interfarm enterprises.

(3) Persons noted in p.2 - p.7 of this paragraph are the justified subjects of the agricultural reform in the case they live permanently in the Republic of Estonia.

#4. Stages of the Agricultural Reform

(1) Agricultural reform in collective farm shall be carried out with restitution of land property rights and privatization of land in accordance with "The Law of the Republic of Estonia on Land Reform" from October 17, 1991 (Riigi Teataja (State Announcer) 1991, no. 34, art. 426) in following stages:

- 1) determination of shares in the property of the collective farm;
 - 2) liquidation or reorganization of the collective farm;
- (2) in the process of determination of shares in the property of the collective farm:

- 1) the inventory of the property of the collective farm is carried out, in the process of which the composition of the property is determined and the reserve fund for carrying out

the reform is set apart in accordance with the #26 of this law;

2) the amount of nationalized property in the property of the collective farm and the justified subjects of the collective farm are determined, the return or compensation of nationalized property according to the Bases and this law is decided;

3) other illegally expropriated property belonging to the collective farm is determined. Return or compensation of such property is carried out according to the p.2 of #17 of the Bases;

4) the share of other justified subjects in the property of the collective farm is determined on the bases of #10-#11 and #13-#14 of this law;

5) from the rest of the property the working shares are calculated according to the #16 of this law.

(3) After the determination of the shares of the property the order of further use of the property and the order of reorganization or liquidation of the collective farm and the applying of new entrepreneurial forms is decided according to the chapter III of this law.

#5. Commission of Agricultural Reform and its Competence

(1) The reform commission of administrative unit of local government, the staff of which is composed of equal number of representatives of the collective farm, local farmers, the local government and the state, is established for every collective farm for carrying out the agricultural reform.

(2) The order of establishing the reform commissions and their working arrangements are determined by the Government of Estonia.

(3) The reform commission:

1) guarantees the inventory of the property of the collective farm;

2) determines the composition and the part of the nationalized property and makes the decision on the return or compensation of it;

3) makes the proposals to the council of the local government on the municipalization of property, which is necessary for social and cultural servicing of population;

4) determines the share of the state in the property of the collective farm;

5) determines the circle of persons, listed in the p.2-

p.12 of #3(1) of this law and the amount of the property belonging to them;

6) examines the plan of reorganization or liquidation of the collective farm and gives its consent for carrying out this plan;

7) fulfils other tasks resulting from this law and other regulations in the process of carrying out the agricultural reform.

(4) The reform commission has the right to give the task of preparing the necessary materials and documents for carrying out the agricultural reform to the collective farms.

(5) All transactions with the general property of the collective farm are allowed only with the permission of the reform commission in the period of carrying out the agricultural reform.

#6 The Competence of the Local Government in the Process of Agricultural Reform

(1) In the process of agricultural reform on its administrative territory the council of local government:

1) guarantees the connection of agricultural reform with the land- and administrative reform;

2) gives the establishing permissions to the legal persons, which are established in the process of reorganization or liquidation of collective farm;

3) determines together with The Land Department the land, which is necessary for servicing the building or edifice in accordance to #10 p.2 of "The Law of the Republic of Estonia on Land Reform", in the order enacted by the Government of Estonia;

4) enacts in accordance with The Land Department the limitations and obligations for guaranteeing the expedient usage of the whole property according to the #18 of "The Law of the Republic of Estonia on Land Reform";

5) decides the order and the conditions of further usage of municipalized property;

6) fulfils other tasks resulting from this law and other regulations in the process of carrying out the agricultural reform.

II The Determination of Shares in the Property of the Collective Farm

#7. The Examination of Applications on the Return and Compensation of the Nationalized Property

The applications on the return and compensation of the nationalized property are examined by the reform commission according to the Bases and this law.

#8. The Return of Nationalized Property

The nationalized property is returned by the decision of the reform commission in accordance with the Bases and this law.

#9. The Compensation of the Nationalized Property

(1) Nationalized property is compensated according to the #14 of the Bases in the order enacted by this law.

(2) The former owner of the nationalized property or his/her legal successor has the right or get the compensation according to the value of this property in the moment of nationalization:

1) in the way of compensating the property with some other property, which has the same value (compensation in kind);

2) as a share of the property of the collective farm, for which (s)he gets a corresponding certificate;

3) in money.

(3) The justified subject has the right to unite the compensation, which has been got as a share of the property of the collective farm, with the working share, as well as the right to give it for payment or free of charge to other justified subjects, with the same conditions as in the case of giving over the working shares (according to #17 of this law).

(4) The justified subject may demand the compensation in kind in accordance with the #20 and #21 of this law.

(5) The reform commission decides the way, the order and the dates of compensation in accordance with the plan of reorganization or liquidation of collective farm.

(6) The justified subject has the right to bequeath the compensation received for the nationalized property.

#10. The Municipalization of the Property of the Collective Farm

(1) To the administrative units, which have the status of local government, is returned the property, which was in the municipal ownership before June 16, 1940 in accordance with the Bases.

(2) Social and cultural objects, which were built on the account of state budget or other centralized means, are given to the municipal property free of charge in the order enacted by the Government of Estonia.

(3) The transfer of the social and cultural objects, which were built on the account of the collective farm, to the municipal property happens according to the #30 of the Bases.

(4) In the process of giving the objects, which were built on the account of the collective farm, into municipal property, the equalization is used for the cost of these objects and the borrowing of the collective farm from the state or the cost of the property, which was given by the state free of charge to the collective farm.

#11. The Determination of the Share of the Republic of Estonia in the Property of the Collective Farm

(1) From the property of the collective farm belongs to the Republic of Estonia:

1) property, which belonged to the Republic of Estonia before June 16, 1949;

2) objects, which were built or procured on the account of state budget or other centralized means;

3) property, given to the collective farms by the state free of charge, which has maintained in the individualizeable form.

(2) The share of the Republic of Estonia is determined in the order enacted by the Government of Estonia;

(3) In the process of determination of the share of the Republic of Estonia in the property of the collective farm, the loans which were amortized by the state are not taken into account.

#12. The Use of the Determined Share of the Republic of Estonia in the Property of Collective Farm

(1) The share of the Republic of Estonia in the property of the collective farm, in the order enacted by the Government of Estonia:

1) is left to be state-owned as a share in the property of the legal successor of the collective farm or is given for fee to other legal persons;

2) is given to the municipal property with the obligation to privatize it or without such obligation;

3) is given for rent with the right for buying out or without it;

4) is privatized to the foreigners in accordance with the #39 of the Basic;

5) is privatized in some other way.

(2) The drainage and spraying systems, which were built on the account of state budget are given over together with giving over the land ownership or land exploitation, cost of these systems is included in the cost of land. The giving over and the order of further use of named objects is enacted by the Government of Estonia.

(3) In the case of privatization of the share of the Republic of Estonia, the co-operatives of the agricultural producers of given administrative territory have the prerogative to acquire the share.

#13. The Share of Other Persons in the Property of the Collective Farm

(1) Legal and physical persons, who have invested their monetary or material means into the property of the collective farm, have the right to strive for determination of their share in the property of the collective farm.

(2) The persons noted in p.(1) of this paragraph have the right to apply for:

1) the seclusion of their share and the return in kind;

2) registering him officially as the joint owner of the property of the legal successor of the collective farm;

3) payment in money for their share.

(3) The conditions, the order and the dates of giving over or paying out the property described in p.(2) of this paragraph are decided by the reform commission according to the plan of reorganization of the collective farm, in accordance with #20 and #21 of this law.

#14. The Debts and Other Property Obligations of the Collective Farm

(1) The borrowing and debts of the collective farm (including the debts from the state budget) must be paid in the process of reorganization or liquidation of the collective farm on account of following property:

1) on account of monetary means;

2) on account of shares and stocks;

3) on account of other property.

(2) In the case of consent of the bank and other creditors the borrowing and other property obligations may be transferred to the persons, who shall get the part of the property of the collective farm in the form of working shares.

(3) The obligations of the collective farm of compensating the injuries of health and paying the pension for losing the feeder are transferred to the state institutions of social security.

(4) The contractual obligations of the collective farm are transferred to the legal successor of the collective farm according to the giving over of the property.

#15. The shares and stocks of the collective farm in other organizations

(1) The shares and stocks (or corresponding part of the property) of the collective farm in the property of other organizations is given over to the legal successor of the collective farm in accordance with the statute of these organizations or are given to the municipal property in accordance with #10 of this law or shall be realized in the process of privatization of the collective farm, primarily to the members of the collective farm, permanent workers and farmers, and also to the former owners of the nationalized property or their heirs, taking into account their working shares and the compensation, which they get for nationalized property.

(2) The giving over of the shares and the stocks takes place in accordance with the plan of reorganization or liquidation of the collective farm. In the case the shares and the stocks of the collective farm are connected with concrete property of the collective farm, the giving over of them takes place in accordance with #20 and #21 of this law.

#16. Working Shares in the Property of the Collective Farm

(1) The working share is a share in the property of the collective farm, which is calculated on the bases of the working period and contribution for the members of the collective farm, its permanent staff and other justified subjects.

(2) The bases for calculating the working shares is the property, which is left after separation of the property according to #7-#14 of this law.

(3) The right to get the working share belongs to the persons, noted in p.2-7, (1), #3 of this law, taking into account their length of service and contribution in the collective farm.

(4) The reform commission has the right to include in the group of persons, who get the working shares, in addition to

the subjects noted in #3, their heirs and other persons, if they work in the collective farm or are the farmers, and live permanently in the territory of given local government or collective farm.

(5) The order of determination of the working shares is enacted by the Government of Estonia.

(6) The justified subject gets the corresponding certificate on his/her working share and its amount.

#17. The Disposal of the Working Share

(1) The person, who has got a working share in the property of the collective farm, has the right to:

1) invest his/her share as a joint property into the property of the legal successor of the collective farm;

2) apply for separation of the property (in kind) of the collective farm (in the extent of his/her working share) in accordance with the #20 and #21 of this law;

3) unite his/her working share with the compensation for the nationalized property, as well as with other shares or bonds, which have been issued with analogical purpose, in the order, enacted by the law;

4) give his/her working share free of charge or for compensation to other person, who lives in the territory of given local government or collective farm or who has the right to get land in that area according to the "Law on Land Reform", on the bases of restitution, substitution or #22 p.2 of that law.

(2) The justified subject has the right to bequeath his/her working share.

(3) The way, the order and the dates of realization of the working shares are decided by the reform commission according to the plan of reorganization or liquidation of the collective farm in accordance with the #20 and #21 of this law.

III The Reorganization and Liquidation of the Collective Farm

#18. Establishment of State Farms

(1) The Supreme Council of the Republic of Estonia determines the list of agricultural education-, pilot- and scientific institutions, which have the national importance, and which shall remain to be state farms; and determines also the state land and boundaries for these institutions (this land shall neither be returned nor privatized according to the #31 of the "Law on Land Reform of the Republic of Estonia").

(2) The giving over of the property to the administration of the state farms, noted in p.(1) of this paragraph, and the further use of that property happens in the order, enacted by the Government of Estonia.

(3) The nationalized property, which has been worked out from the property of the state farm, is returned or compensated on the bases of this law, in the order enacted by the Government of Estonia.

#19. The Reorganization or Liquidation of the Collective Farm

(1) The collective farm must be reorganized or liquidated with the decision of general meeting of the members of the collective farm and its permanent workers, who have the working shares in the property of the collective farm. All other persons, who have the share in the property of the collective farm, may participate on the general meeting with the decisive franchise.

(2) The collective farm has to be liquidated, if there is such decision of the general meeting, noted in p.(1) of this paragraph, or if the creditors demand it (when the property of the collective farm is not sufficient to satisfy their demands)

(3) For reorganizing or liquidating the collective farm the general meeting of the collective farm approves the plan for reorganization or liquidation of the collective farm and presents it for examination to the reform commission.

(4) If the reform commission does not agree with the plan for reorganization or liquidation of the collective farm, then the local government makes the decision on applying this plan.

#20. The Determination of Whole Property

(1) For guaranteeing the consistency of production in the process of agricultural reform, the whole property, which is taken as the bases for separation of the property in kind of the collective farm, is determined in the following order:

1) whole property related with the agricultural production, together with the proposals for determination of capacity of necessary land for servicing this property together with proposals for limitations and obligations for the owners and users of land;

2) whole property, which services the agricultural production;

(2) Turnover (circulation) property is separated in accordance with the capacity of whole property and the purpose of its usage.

#21. Separation of the Property in Kind

(1) The separation of the property in kind happens on the bases of the plan for reorganization or liquidation of the collective farm with the conditions noted in #20 of this law.

(2) The right to apply for the separation of property in kind belongs to the justified subjects, who have the share in the property of the collective farm, in the case (s)he has the conditions for starting or continuing the agricultural production or other entrepreneurship on the administrative territory of given local government or collective farm.

(3) In the process of separation the agricultural means of production in kind, the capacity of land usage of the striver and the existence of means of production (at the disposal of the striver) is taken into account.

(4) If the property is separated in kind, then the rent contract of this property needs to be terminated before the term, if the person, who acquires this property demands so.

#22. Establishment of Co-operatives

(1) To re-establish the co-operation in countryside, the co-operatives of agricultural producers have the prerogative to acquire the objects, which service the agricultural production.

(2) All agricultural producers on the territory of given administrative unit have the right to join the co-operative on equal conditions, according to their area of activities.

(3) The establishment of co-operatives and their activities proceeds on the bases of law, which regulates the co-operation.

IV. The Reform of Interfarm Enterprise

#23. The Reform of Interfarm Enterprise

The reform of interfarm enterprise is carried out in order enacted by separate law.

V. Guaranteeing the Agricultural Reform

#24. Giving the Preferences and Facilities

(1) In the process of liquidation or reorganization of the collective farm, the Government of the Republic of Estonia may give the facilities to the new owners of the property in the way of paying the loans (which were given over together with the property) or amortizing these loans from the state budget, and may enable long-term favourable credits for reorganizing the production. The order of giving the facilities and credits is enacted by the Government of Estonia together with the Bank of Estonia.

(2) The return and compensation of collectivized property as well as giving over other property in the process of agricultural reform is free of taxes.

#25. Transition of the Property Rights

The property rights to the property, which is separated in the way of return, compensation in kind or on the bases of working share, transition on the bases of the act, which enacts:

1) the time of giving over the property and the time of transition of the property rights;

2) obligation of the new owner on purposeful use of the property, in accordance with the conditions and the dates determined by the local government (if they demand such terms);

3) transition of the rights and obligations connected with that property;

4) Other necessary conditions according to the decision of the reform commission.

#26. The Reserve Fund

(1) 5% of the cost of the property of the collective farm is calculated for covering the expenditures related with the carrying out the agricultural reform.

(2) In the case of reorganization of the collective farm the remainder of the reserve fund is given to the legal successor of the collective farm. In the case of liquidation of the collective farm the monetary remainder of the reserve fund is given to special account of the local government, where they are kept for three years for satisfying later justified demands of justified subjects.

#27. The Labour Protection of the Members and the Workers of the Collective Farm

(1) The labour relations of the members and workers in the process of reorganization or liquidation of the collective farm are solved in accordance with the legislation and the statute of the collective farm.

(2) The Government of Estonia may render the local governments in the process of agricultural reform in the way of organizing the retraining of the members and workers of former collective farm and may render guaranteeing the employment.

#28. Solution of Arguments

(1) The justified subject has the following rights in the process of agricultural reform:

1) right to appeal on the decision of the general meeting of the collective farm to the reform commission;

2) right to appeal on the decision of the reform commission to the council of the local government.

(2) In the cases noted in p.(1) of this paragraph the term for appealing is one month, counting from the time, when the written decision was announced to the justified subject.

(3) Appealing on the decision of the local government proceeds in accordance with the #19 of the "Law on the Bases of Local Government".

(4) The arguments on return and compensation of nationalized property, are solved according to the #19 of the Bases.

#29. Implementation of the Law

The implementation of this law is guaranteed by the Government of Estonia, which issues regulations and explanations for that purpose.

Chairman of the Supreme Council
of the Republic of Estonia
Arnold REETEL

Tallinn, March 11, 1972