

TECHINFORMI

LAW OF GEORGIA

**ON THE REIMBURSEMENT OF A SUBSTITUTE
LAND CULTIVATION COSTS AND THE PAYMENT
OF DAMAGES IN CASES OF ALLOCATION OF
AGRICULTURAL LAND FOR NON-
AGRICULTURAL PURPOSES**

47, Kostava str., 380079 Tbilisi, Georgia

Fax: (8832)987618, Tel.: 988374

E-mail: dor@tech.org.ge

LAW OF GEORGIA

ON THE REIMBURSEMENT OF A SUBSTITUTE LAND CULTIVATION COSTS AND THE PAYMENT OF DAMAGES IN CASES OF ALLOCATION OF AGRICULTURAL LAND FOR NON-AGRICULTURAL PURPOSES

CHAPTER I. GENERAL PROVISIONS

Article 1.

It is the goal of the present law to establish the standards of cultivating new land in stead of agricultural land allocated for non-agricultural purposes, to determine the procedures of the payment of damages to a land owner or tenant caused by the deprivation or the temporary tenure of land spot, which resulted in the restriction of his/her rights and the deterioration of land quality.

Article 2. Loss caused by the allocation of agricultural land for non-agricultural purposes and the damages

In the event of allocating an agricultural land for non-agricultural purposes a substitute land cultivation costs shall be reimbursed and appropriate damages caused by the deprivation or temporary tenure of land shall be paid.

Article 3. Applicability of law

The procedures and conditions of the present law shall apply to agricultural lands as well as the lands fitting for agricultural purposes and those which are located beyond the built-up areas and which could not be used in the capacity of agricultural land in the future.

Article 4. Payment of damages caused by the allocation or temporary tenure of agricultural land for non-agricultural purposes

The payment of damages caused by the allocation or temporary tenure of agricultural land shall be the responsibility of a natural or legal person who or which is the recipient of land.

Article 5. Calculation of damages caused by the allocation or temporary tenure of agricultural land for non-agricultural purposes

1. In the event of allocating agricultural land for non-agricultural purposes the calculation of damages caused by the restriction of landowner's rights or the

deterioration of land quality shall be included in a land project (land case) which shall contain the following information:

- a) location of land spot and disposition of constructing facility;
 - b) land spot area, composition, and land-survey results;
 - c) term and conditions of the rehabilitation of damaged production;
 - d) term and conditions of lifting, preserving and using of a productive layer of damaged soil;
 - e) term and conditions of land re-cultivation;
 - f) term and conditions of allocating, holding and using of land;
 - g) amount of damages;
 - h) cultivation costs of substitute land provided in stead of allocated land.
2. The land project shall be developed by the appropriate services under the State Department of Land Management, in cooperation with local government and self-government bodies.
 3. In the event of temporary (up to three years) allocation of land spot, the amount of damages shall be indicated in a Land Spot Transfer Record and the actual damages shall be calculated after the expiration of land tenure on the basis of prices and standards in force at the moment of developing the Land Spot Transfer Record.

Article 6. Damages to be paid in the event of allocation or temporary tenure of agricultural land for non-agricultural purposes

In the event of allocation or temporary tenure of agricultural land for non-agricultural purposes the damages to be paid shall consist of: value of facilities or cost of moving thereof to new location; cost of perennial plants; cost of restoring the land productivity; value of unfinished works (plowing, sowing, fertilizing, etc.); cost of yield; lost profits; and other loss incurred by the landowner in conjunction with deprivation or temporary tenure of land.

Article 7. Determination of damages caused by the allocation or temporary tenure of agricultural land for non-agricultural purposes

The damages caused by the allocation or temporary tenure of agricultural land for non-agricultural purposes shall be determined in the following manner:

- a) on the basis of evaluation of facilities located on or beyond the allocated or temporary held land spot, and if the further use of such facilities for their own purposes is impossible, on the basis of balance value thereof;
- b) any natural or legal entity who or which has been provided with a private land may, with the consent of the landowner, and in case of the public necessity, in stead of paying the value of facilities and other objects located thereon, elect to move at his/its own expense the facilities and other objects to a new location or erect new ones; provided that extra difference between such costs and the value of old facilities which should have been demolished shall be paid natural or legal persons who have been provided by the land;
- c) the evaluation of fruit-bearing perennial plants shall be performed on the basis of their balance value, while that of other perennial plants—on the basis of actual expenses relative thereto;
- d) the cost of unfinished works (plowing, sowing, fertilizing, etc.) shall be determined on the basis of actual expenses relative thereto;
- e) the loss caused by the cease of the utilization of water resources (well, pool, pond, etc.) shall be determined on the basis of value of works performed for the construction of such well, pool, pond, etc.;
- f) in the event of complete or partial damage of irrigation or drying facilities, anti-erosion or anti-landslide systems, due to the allocation or temporary tenure of land, the damages shall be determined on the basis of expenses taken for the construction or rehabilitation of such systems and facilities calculated at actual prices and standards, including the value of designing/exploration works;
- g) an annual loss for the non-cultivation of land shall be covered by the natural or legal person who or which has been provided with the land. The annual profit shall be calculated on the basis of average production capacity for the last five years expressed in actual prices existing upon the moment of deprivation and shall be paid on a one-time basis;
- h) the loss (construction, improvement or other works) incurred in consequence of the restriction of landholder's (owner, tenant) rights shall be recovered inclusive of the expenses for materials and equipment required for the rehabilitation of affected production;
- i) the costs of the improvement of deteriorated land shall include those expenses which are necessary for the performance of agro-chemical investigation of land, research and other special works as well as measures required for the restoration of land productivity;

- j) the loss caused by the suspension or cease of the utilization of water resources (well, pool, pond, etc.), irrigation and drying systems, together with the costs of construction or rehabilitation thereof, shall be recovered by the natural or legal entity who/which has been provided with the land, depending on the amount the landholder is losing annually. The amount of loss shall be calculated on the basis of average production capacity for the last five years expressed in actual prices existing upon the moment of deprivation and shall be paid on a one-time basis.

CHAPTER II. DETERMINING THE COST OF CULTIVATION OF LAND PROVIDED IN STEAD OF AGRICULTURAL LAND ALLOCATED FOR NON-AGRICULTURAL PURPOSES

Article 8. Determining the cost of cultivation of land provided in stead of agricultural land allocated for non-agricultural purposes

1. In order to preserve agricultural land and to ensure the required capacity of agricultural production, any natural or legal person who/which has been provided with agricultural land for non-agricultural purposes shall pay (together with damages) the cost of cultivation of a substitute land with the equal area provided in stead of allocated land, to the extent that the new land shall be subject to soil productivity improvement and new plant sowing operations.
2. In stead of land allocated for non-agricultural purposes the cultivation of reserved land fitting for agricultural purposes shall be carried out.

Article 9. Cost of works required for the cultivation of land

1. An average amount of construction works required for the cultivation of one hectare of non-irrigated plowing land shall be fixed at GEL 14,286.
2. A land-survey indicator to be assessed in proportion to the productivity of one hectare of non-irrigated plowing land shall be determined according to Schedule #1 of this law, provided that if the allocated area is slightly or moderately salty, rocky, stony or erosive, a conditional land-survey degree corrective coefficient shall be established at 0.7.
3. A base normative of one hectare of non-irrigated plowing pasture shall be determined according to Schedule #2 of this law.

Article 10. Base Normative Corrective (Increase) Coefficient of the cultivation of new land provided in stead of agricultural land allocated for non-agricultural purposes

In the event of allocating irrigating and dried-up areas a relative productivity coefficient shall be fixed at 2.0.

Article 11. Cultivation normative for land provided instead of woody/bushy and other non-agricultural land

1. In the event of allocating woody/bushy areas for non-agricultural purposes, to the extent that these areas could be used in the future for agricultural purposes, a cultivation normative of one non-irrigated plowing land shall be fixed at GEL 14,286.
2. In the event of allocating woody/bushy areas for non-agricultural purposes, to the extent that these areas could not be used in the future for agricultural purposes, a minimum payment shall be fixed at 20 per cent of one non-irrigated plowing land cultivation normative (GEL 14,286).

Article 12. Recovering cultivation costs of new land provided in stead of agricultural land allocated for non-agricultural purposes

1. For the cultivation of new land provided in stead of agricultural land allocated for non-agricultural purposes the natural or legal person who/which is the recipient of the land shall pay the amount consisting of the total coefficient multiplied by an initial base normative.
2. According to existing rule, in case of transfer of agricultural land being under the possession of a natural or legal person for non-agricultural purposes, the person who has acquired the land, apart from paying damages provided for by article 7 of this law, shall reimburse to the State the cultivation cost of substitute land.
3. In the event of allocating agricultural land for non-agricultural purposes, an interested natural or legal person shall pay also an amount required for the restoration of ecological equilibrium affected by the use of land for non-agricultural purposes, as determined by the specific project.
4. A natural or legal person who/which is the recipient of agricultural land allocated for non-agricultural purposes shall be provided therewith after the payment of substitute land cultivation costs.

Article 13. Remittance of substitute land cultivation costs and damages incurred by the landholder

1. A natural or legal person shall remit cultivation costs of the substitute land provided instead of agricultural land allocated for non-agricultural purposes to a budgetary account of the State Department of Land Management of Georgia.

2. A natural or legal person shall remit damages incurred in consequence of the allocation of agricultural land for non-agricultural purposes to a bank account of the owner.

Article 14. Use of funds remitted for the cultivation of new land

New land cultivation funds shall be used for the covering of expenses related to the cultivation and the management of land.

Article 15. Liability in case of law breach

A liability for the breach of law is determined by appropriate legislation of Georgia.

CHAPTER III. CLOSING PROVISIONS

Article 16. Entry into force

This law shall enter into force upon the adoption and effective date of Law on Disposal of Non-agricultural and the State-owned Land.

E. Shevardnadze
President of Georgia

October 2, 1997
Tbilisi, Georgia