

The law of Georgia

On Lease of Agricultural Land

(Unofficial Version)

Article 1. General Regulations

1. The law of Georgia "On Lease of Agricultural Land" is worked out in accordance with the law "On Lease" of the Republic of Georgia. It determines the rule, term and rent of agricultural lease, rights and obligations of the sides and other terms for lease.

2. Agricultural lease is the paid exploitation of agricultural land or the land (hereinafter agricultural land) which may be used for agricultural purpose under the permission got in accordance with acting rule, period on the basis of agreement for the implementation of farming activity for the purpose specified by legislation.

Article 2. Object for agricultural lease

The objects for agricultural lease are:

- a) Agricultural lands (arable lands, natural meadow-lands and pastures).
- b) The lands of forest and water funds, which are exploited or will be exploited for agricultural purpose under the permission got accordance with acting rule.
- c) Those land plots of industry, transportation, communication and others not for agriculture, which in accordance with acting rule are already expiated or may be exploited in future for agriculture.
- e) Land plots within the frames of village, district center and town, the special purpose of which is not changed yet, but their exploitation for agriculture is permitted in accordance with acting rule.
- f) Dwelling and economic buildings, agricultural implements, installations and other property connected with agricultural lease exploited for agriculture.

Article 3. Subject of agricultural lease

1. Subject of agricultural lease are:

- a) Lessor-owner of agricultural land or a person authorized by him.
- b) Lessee-physical person, group of physical persons or juridical person, which the land on lease.

2. Person authorized to give license on lease of state-owned agricultural lands located within the territory of municipal administrative board management is the municipal organ corresponding to administration or a person, authorized by this organ.

3. Person authorized to lease state-owned agricultural lands located outside the frames of the territory of municipal administrative board management but within the borders of the district is the district organ corresponding to administration or person authorized by this organ.

Article 4. Agreement on agricultural lease, rules of its official registration

1. Lessee gets the right for land tenure on the basis of agreement. Agreement on lease (hereinafter the lease) is the document, which defines interrelations between the lessor and lessee. It is concluded for a certain period on the basis of free-will and assent the sides in written form in accordance with this and other normative acts of Georgia.

2. It is to be defined under the lease:

Except the land the composition and cost of other lease property; term of lease; amount of the rent for exploitation of the land and other responsibility of the sides; terms of returning lease object at the expiration of a term of lease; terms for exploitation and cure of leased objects.

Till the beginning of lease relations of the lease, the sides are to describe the quantity and state of leased land and other objects and to fix it in the journal of property description.

3. The plan of lease land plot., drawing up by the district (municipal) service corresponding to land resources land cadastre is indivisible part of the lease.

4. Scientific-research institutions of seed-growing, nursery gardening, pedigree stock-breeding, bread examination (stock-breeding, poultry raising, apiculture, pisciculture); experimental selective farms and bread experimental farms and land plots; large-scale stock-breeding complexes and state-owned lands, which are used or to be used by the hot-house groups of enterprises are granted on lease on the basis of permission in agreement with these structures. Nomadic pastures and meadow-lands are granted on lease also on the basis of permission given by the Ministry of Agriculture and Food-stuff of Georgia (Autonomous Republics of Abkhazia and Ajaria). The permission for exploitation (on lease) of pastures and meadow-lands in the state forest fund is given by the local service corresponding to the Forest Department of Georgia (Autonomous Republics of Abkhazia and Ajara).

State-owned agricultural lands are leased for a period more than ten years only with the permission of state commission for land exploitation and protection in agreement with the Ministry of Agriculture and Food-stuff of Georgia (Autonomous Republics of Abkhazia and Ajaria) and Forest Department (on the lands of forest fund). Licenser organ is granted the right to demand full or change of the lease, if:

a) The rent is established with infringement of acting rule.

b) Agricultural lease causes monopolization of land tenure, breaking up the lands, origin of impedimenta conditions for their full exploitation, infringement of existing regime of exploitation.

Licenser organ is to communicate the answer to the lessee within period after the receipt of requirement for lease. If within this period after the licenser organ does not demand from lessee to make amendments to the agreement or to change it, the permission is considered issued. Licenser organ is responsible for that permission. Disputable questions, eased by the infringement of the rule of licensing is to settled in accordance with acting general rules.

In the cases named in this paragraph the permission is the basis for registration (in register) of the lease. In all other cases permission is not necessary for registered by relevant district and land cadastre. The agreement is gone into force after the date of registration if other conditions are not stipulated by the agreement.

5. The term of agricultural lease is established under the agreement between lessor and lessee in accordance

with the requirements of this law. The term of lease is be fixed in the lease.

If the well-grounded projects for lease of state-owned agricultural land plots, after implementation of which the eminent result will be got are presented and the sides could not agree on the term of lease, this tram is established by the central orga n, authorized to give permission for agricultural lease.

6. Agreement on agricultural lease is drawn up in the form approved by the Ministry of Agriculture and Food-stuff.

7. State owned agricultural lands are given on lease in accordance with the following rule:

Physical or juridical person, which has desire to take agricultural land on lease is to make application to the organ named in paragraph 2 and paragraph 3 in Article 3 of this law. Standing commission for examination of applications is established at this body. The commission includes representatives of the Ministry of Agriculture and Food-stuff of Georgia (Autonomous Republics of Abkhazia and Ajaria); Forest Department; State Department of Land Resources and Cadastre; state property management, finan cial and juridical services.

In every separate case the representation of that village (or villages) the management territories of which includes the lands for lease is added to the commission.

The commission organizes publication of information on the property to be leased, receives and registers applications, in written form notifies to the declarants their applications are received for examination or not.

Every member of the commission has the right only one vote.

The session of the commission is considered authorized if it is attended by the majority of its members.

decisions on disputable questions are taken by the majority of votes of the commission members. If the votes are deviled, the vote of chairman is minutes and is signed by all members of the commission. The decision of a commission approved by the boar d of administration of the district.

After publication of informative notification, the commission gives opportunity to all interested physical and juridical persons to acknowledge previously the object which is to be leased. Lessor is obliged to create necessary conditions for previous acknowledgment of the object.

Receipt of applications ends three days earlier till the session of a commission.

The commission is to notify answer to the declarant within a month's period after it had received the application.

3. If more than one requires to take the land on lease and it is difficult to reveal lessee the commission named in paragraph 7 of article 4 grants the land on lease under the rule of competition.

The rule of competition is regulated by the paragraph 7 and paragraph 8 approved by the resolution "On Approval of regulations for state property lease" adopted by the Parliament of Georgia on September 20. 1994.

Article 5. The rent of agricultural lease and the rule of its payment

1. For exploitation of land and other property lessee pays the rent on behalf of lessor.

2. The rent for agricultural lease includes the rent for leased land and the rent for leased material property. The rent for material property (except land) is registered with separate line in the lease.
 3. The rent for leased agricultural land does not include the rent (or assignments for amortization) for exploitation of fossil., underground waters, perennial plantations and other material property existing on the land plot. The rent for the ground is registered with separate line in the lease.
 4. Amount of rent is defined by the lease Annual rent for exploitation of state-owned agricultural land is the tax for exploitation of the same land established by the acting rule.
 5. The rent for agricultural lease may be changed under the sides. If the norms of amortization and taxes for the exploitation of land, tariffs and regulated state prices have changed, or in other cases specified by the laws of Georgia one of the side s is granted the right to demand the change of rent amount.
- If the conditions, which impede fulfillment of obligations stipulated in the agreement have emerged, the interested side is granted the right to demand amendments to the agreement. This rule is not extended over the validity period of the lease.
6. Payment of the rent does not exempt lessee from other taxes specified by the laws of Georgia if other terms are not stipulated by the agreement.
 7. The rule and term of payment is defined in the lease.
 8. Expenses for making journals for lease object description and plans of lease land plots, notarial certification and registration of the lease is not be covered by lease holder.

Article 6. Transfer of property to lease holder

Lessor in responsible to transfer lease object to lessee in accordance with number and condition fixed in the journal of property description and lease land plot plans. The object for lease are given to lessee throughout the period agreed between the sides after the day of registration of the lease. In the case of infringement of this rule lessee is granted the right to demand the lease object to be given to it and damage caused by late receipt of that object to be paid, to reject the agreement and t o request the damage, caused by non-fulfillment of the terms of the lease to be paid.

In the case of argumentation the question is settled in accordance with general rules.

Lessor is not responsible for that harms to leased objects, which are fixed in the journal of lease objects description or were not caused because of lessor.

Article 7. Transfer of lease objects on sublease

1. Sublease is not extended over state-owned agricultural lands.
2. Lease holder is granted the right with the assent of lessor to give the leased object or part of it (except land) on sublease, if other terms are not specified by the acting laws or stipulated by the lease. In such a case responsibility of lessee b efore lessor remains the same, as it is determined in the lease.

Article 8. Exploitation and cure of leased objects

1. Lessee is obliged to exploit agricultural land, perennial plantations and other object of lease in accordance

with their purpose and agreement, to take care of leased objects.

Lessor according to the lease independently defines the priorities of his activity and is in charge of got production and profit.

2. Lessor is granted the right to repair leased buildings, installations, agricultural implements and other material means on his own expense, if other terms by the lease. Responsibility of lessor for repairs of the lease object is fixed in the lease. Lessee is given the right to carry out necessary repairs stipulated in the agreement or agreed with the lessor and to demand the expenses, wasted for this purpose to be covered by Lessor or on the expense of rent.

3. Lessor is granted the right to inspect the leased object. He is to notify previously to lessee about this decision.

4. With the assent of lessor Lessee is granted the right to authorize husband (wife) or full age son (doughtier).

5. In the case, when the fertile layers of leased lands, roads, ditches, irrigational canals and fences became worthless within the period of lease (if it is not the result of element) lessee is obliged till the expiration of validity of the agreement to repair them on his own expense or to pay damage to lessor.

Article 9. Ownership on lease objects

1. Leased land plot remains in ownership of lessor.

2. Production and profit got by exploitation of lease objects, also the property acquired through this profit is the ownership of lessee if other terms are not stipulated by the lease.

3. After appropriate estimate is agreed with lease giver perennial plantations planted lessee land, also the buildings constructed by him is the ownership of lessor if other terms are not stipulated by the lease. After ceasing of the agreement lessee is granted the right to demand residual cost of these perennial plantations and building be paid.

Perennial plantations and buildings planted and constructed on leased land by lessee without permission of lessor is ownership of lessor.

4. Lessee is the owner of all improvements made on his expenses, separation of which is possible without any harm to leased objects. If lessee in agreement with lessor made improvements on his expense and separation of them is impossible without the harm to leased objects, lessor is obliged to pay the cost of indivisible improvements to lessee at the expiration of lease period. The cost of those indivisible improvements made by lessee without permission by lessor is not paid by lessor.

Article 10. Expiation of lease objects

1. Prohibition of full or partial expiation of lease objects (except land) specified by legislation is represented in the lease.

2. In the case of purchase of other agricultural lease object lessee physical person can give this right to the husband (wife) or under age children. The alienated and given to the husband (wife) and children of lessor or compulsive alienation for state and public purposes takes place.

Article 11. Renewal, change, ceasing and annulment of the lease

1. After the expiration of the period of validity of the lease the sides are granted the right to prolong the term of its acting.

With the renewal of the lease its terms may be changed under the agreement of the sides.

Terms stipulated in the agreement may be changed with the request of one of the sides in the cases specified by the acting laws or stipulated in the lease.

2. If after the expiration of the term none of the sides makes application for change or ceasing of the lease it is considered prolonged for the same period and terms. The lease is considered ceased if leased land plot or rural farm appeared worthless for exploitation. The lease is also considered ceased when leased land plot is taken out and given for state or public necessities in accordance with acting rule, also in that case when lessor began exploitation of fossil on the territory of leased land or considerable resources of fossil or roar (unique) archaeological monument was found on it.

3. The lease may be annulled till the expiration of the term under the agreement of the sides. Annulment of the lease till the expiration of the term is permitted only in accordance with acting laws and in the cases stipulated in the agreement.

If lessor went bankrupt, the person who sells his property is obliged to demand previously the lease to be annulled.

Lessor is granted the right to demand the lease to be annulled till the expiration of the term if lessee:

- a) Does not use leased objects for special purpose and infringes the terms stipulated by agreement.
- b) Makes harm to the leased objects on purpose or with negligence.
- c) Does not pay the rent within three months after the expiration of the term established by the agreement. The end of economic year is considered as term of rent payment if this term is not established by the lease.
- d) Will not repair leased objects, if this responsibility is stipulated by the lease.

Lessee is granted the right to demand the lease to be annulled till the expiration of the term if:

- a) Lessor does not carry out obligations for repairing of leased objects, providing lessee with material resources and service, stipulated in the lease.
- b) Leased land plot or other leased became worthless not for lessee's reason.
- c) If lessee became invalid, is considered incapable, is imprisoned for committed crime, is condemned to other punishment, because of which it is impossible to carry out obligations stipulated by the agreement. In such a case the members of a family, who live or work with lessee are granted the priority right for conclusion of a new lease or prolongation of old one without changing the terms.

Renewal, change, ceasing and annulment of the lease is to be fixed in written form.

4. Lessor who wants to give the lease land and other lease object to another person till the expiration of the term, is to give a year's notice to lessee.

Changes marked in this paragraph may be realized only in that necessary case when lessee gives assent after

the sides have implemented final calculation to each other.

5. In the case of the compulsive alienation of lease land for state or public necessity or with transference of it for not agricultural purpose lessee is granted the right to demand the compensation for the damage, caused by ceasing of the lease.

Article 12. Acting of the lease in the case of change or death of lessee

1. Transference of property right on lease object (except land) from lessor to another person, also change of land owner physical person or the person who is authorized to lease the land is not the basis for change of terms of the lease or annulment of it.

The rights and obligations of lessor juridical person, authorized by the owner, when it is reorganized or liquidated, are transferred to its successor if other terms are not specified by acting laws.

2. In the case of lessee's death the rights and obligations stipulated by the agreement are transferred to his inheritor if he wants to be a lessee and other terms are not stipulated by the agreement. Lessor has no right to reject such a person to succeed the rights and obligations stipulated by the agreement within the term of the lease, except the case, when the private character of the late lessee caused conclusion of the lease and it is represented in the agreement.

Article 13. Priority and restriction while taking the state-owned agricultural land on lease

1. In the case of existing equal conditions during the competition for taking the state-owned agricultural lands on lease priority is given to:

a) Agricultural enterprises or physical persons based on the territory of village, district (town) for establishment of agricultural enterprises which is licensed by the law of Georgia "On Manufacturers".

b) That project for land lease agreement in which achievement of socio-economic effects, preservation of local (national) genetic fund of cultural flora, introduction of advanced technologies, improvement of the land, unification of crushed land plots and creation of advantageous conditions for effective implementation of agrotechnical measures are envisaged.

c) To the stuffs of cooperative or state-owned agricultural and not agricultural enterprises, organizations and institutions, exploiting the lands to be granted on lease for the purpose to establish agricultural enterprises permitted by the law of Georgia "On Manufacturers".

d) The household of the persons, settled compactly because of natural calamity or other reasons.

2. When the building of agricultural purpose based on the lease land plot are being leased, the right of priority is given to the user of the land and lessee.

3. When the land is being leased it is prohibited to crush the land in every way, because it will impede rational use of mechanization and effective implementation of agrotechnical measures.

4. Within the frames of prevalence of fossil, rare and unit archaeological and historical monuments and protected territories the land is leased only with the assent accordingly of the Ministry of Environment and Natural Resources Protection and state Department of Geology, the Archaeological Research Center at the Academy of Sciences of Georgia and Central Administrative Board For Monuments' Protection.

Article 14. Returning of lease object to lessor

After the expiration of the lease period lessee is obliged to give the leased land and other object to in the state stipulated by the agreement.

The damage to the leased land and other object is to be paid by lessee to lessor in accordance with acting laws.

If lessee not gives back leased object after the lease relations are finished. Lessor is granted the right to demand established rent for delay of lease object' returning, also the profit, got by lessee within that period or would get during the whole lease year to be paid. Lessor may demand other damages to be paid too.

Article 15. Examination of disputable question emerged within the period of lease

Disputable questions on fulfillment, change or annulment of the terms of agreement between lessor and lessee is examined and settled by the court.

Article 16. Protection of lessee's property rights

The rights on leased objects of lessee are protected by law.

The damage caused by the harm to leased objects emerged within the period of lease relations is paid by the sides in according with the lease and acting laws.

The President Of Georgia Eduard Shevardnadze.

Tbilisi,

June 28. 1996.