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## Use of Privatisation Proceeds Act

Passed 03.04.1996  
RT I 1996, 26, 529  
Entry into force 03.05.1996

Amended by the following acts

Passed	Published	Entry into force
29.01.1997	RT I 1997, 13, 210	02.03.1997
18.03.1997	RT I 1997, 28, 424	19.04.1997
20.10.1998	RT I 1998, 97, 1521	13.11.1998
17.02.1999	RT I 1999, 23, 352	19.03.1999
18.02.1999	RT I 1999, 23, 356	19.03.1999
16.06.1999	RT I 1999, 54, 583	23.06.1999
08.12.1999	RT I 1999, 95, 841	01.01.2000
15.11.2000	RT I 2000, 92, 600	01.01.2001, partially09.12.2000
20.06.2002	RT I 2002, 64, 393	20.07.2002
17.12.2003	RT I 2003, 88, 588	01.01.2004
17.12.2003	RT I 2003, 88, 594	08.01.2004
26.01.2006	RT I 2006, 7, 40	04.02.2006
10.12.2013	RT I, 27.12.2013, 6	01.01.2014

### § 1. Purpose of Act

(1) This Act determines the use of the proceeds from the privatisation of assets, including land (hereinafter *assets*) based on the Republic of Estonia Principles of Ownership Reform Act and the Acts based thereon, unless otherwise provided by these Acts.

(2) This Act does not apply upon privatisation of assets to be privatised on the basis of § 40 of the Republic of Estonia Principles of Ownership Reform Act.

### § 2. Proceeds from privatisation of assets

(1) The proceeds from the privatisation of assets shall be transferred to a special privatisation account of the organiser of privatisation. A special privatisation account shall be opened with a bank included in the list approved by the Government of the Republic. The opening and use of special privatisation accounts shall be carried out pursuant to the procedure established by the Minister of Finance.

(2) Using the funds received in a special privatisation account, the organiser of privatisation shall cover, in the cases and pursuant to the procedure established by the Government of the Republic, debts which are related to the privatised assets and own expenses related to the organisation of privatisation of these assets.

§ 3.–§ 6.[Repealed as of 01.01.2002 – see subsection 11 (6) of the Act]

### § 7. Ownership reform reserve fund of Government of Republic

(1) Using the funds allocated pursuant to clause 3 (1) 2) and clause 6 2) of this Act, the Government of the Republic shall form the ownership reform reserve fund (hereinafter in this section *reserve fund*), and the funds received therein shall be used for covering the expenses related to the organisation of the return and privatisation of and compensation for assets and other expenses related to the land and ownership reform. The income received from the management of the reserve fund shall be paid into the state budget. More specific purposes for the use of the funds received in the reserve fund shall be determined by the Government of the Republic.

(1<sup>1</sup>) The funds received in the reserve fund may also be used for:

- 1) covering the expenses related to the prevention and resolution of problems pertaining to employment and created in the course of ownership reform or as a result thereof;
- 2) funding of national employment programmes and development of enterprise and creating of the environment and conditions necessary therefor;
- 3) carrying out of environmental impact assessments and liquidation of damage to the environment on objects that are to be privatised or have been privatised;
- 4) conducting the pension reform and covering the accompanying expenses related to the financial market development.
- 5) granting of loan to tenants living in dwellings to be returned to cover their resettlement expenses and cost of acquisition of the specified dwellings. Tenants living in dwellings to be returned may repay the loan taken for the acquisition of dwellings in privatisation vouchers, which shall be governed by the provisions of § 29 of the Privatisation Act;
- 6) granting of loan to local governments for the construction, renovation or purchase of leased spaces for tenants living in dwellings to be returned.

(2) The funds in the reserve fund shall be allocated as a non-reimbursable grant, reimbursable appropriation or loan on the basis of an order of the Government of the Republic. The allocated funds shall be used for specific purposes, and the beneficiaries shall keep separate accounts of the spending thereof. The unused balances of the allocated money and the money not used for specific purposes shall be returned to the reserve fund. The funds allocated from the reserve fund may be transferred to the following budgetary year.

(3) The applications for money from the reserve fund shall be reviewed and the records of the allocation and use of the funds shall be kept by the Ministry of Finance.

(4) The applications for money from the reserve fund shall be reviewed, the money shall be allocated, the allocation conditions shall be determined and the allocated money shall be used pursuant to the procedure established by the Government of the Republic.

(5) The reserve fund shall take over the rights and obligations arising, pursuant to clause 3 4), clause 5 (1) 1) and clause 6 (1) 1) of the Use of State and Municipal Property Privatisation Proceeds Act (RT I 1993, 24, 430; 1994, 33, 508; 1995, 57, 979), from the allocation and use of the funds received in the reserve fund of the Government of the Republic for covering the expenses related to the organisation of the restitution and privatisation of and compensation for unlawfully expropriated property.  
[RT I 2006, 7, 40 - entry into force 04.02.2006]

#### **§ 8. Use of proceeds from privatisation of assets received by foundations established by state**

The funds received pursuant to clause 3 (1) 1) of this Act by Enterprise Estonia shall be used for specific purposes as grants:

- 1) for financing of regional programmes;
  - 2) for financing of enterprise and tourism development programmes;
  - 3) for financing of research and development programmes.
- [RT I 2000, 92, 600 - entry into force 01.01.2001]

#### **§ 9. Use of proceeds from privatisation of assets received in ownership reform reserve fund and housing fund of local government**

(1) A local government shall use the funds received, pursuant to clause 4 (1) 1) and subsection 6 1) of this Act, in the ownership reform reserve fund of the local government for covering the expenses related to the organisation of the restitution of and compensation for unlawfully expropriated property, municipalisation of the state assets, constitution of apartment ownerships and privatisation of land, dwellings, non-residential premises and municipal property and establishment of apartment associations pursuant to the procedure established by the local government council.

(2) A local government shall use the funds received, pursuant to clause 4 (1) 2) and § 5 of this Act, in the local government housing fund pursuant to the procedure established by the council as foundation capital:

- 1) for grants or loans to residents of dwellings to be returned upon their resettlement or purchase of dwellings;
- 2) for resettlement of residents of dwellings to be returned or construction, renovation or purchase of leased spaces for them;
- 3) for construction or purchase of social housing.
- 4) for covering the expenses related to the organisation of housing, unless a local government needs to use the funds received in the housing fund for the purposes prescribed in clauses 1) and 2) of this subsection.

#### **§ 10. Supervision and reporting**

(1) Supervision over the receipt, distribution and use of the privatisation proceeds shall be exercised by:

- 1) with regard to the municipal property, the county governor of the location;
- 2) with regard to the state dwellings and non-residential premises and the state apartment ownerships, the Minister of Economic Affairs and Communications;
- 3) with regard to the state assets specified in §§ 3 and 6 of this Act, the Minister of Finance.

(2) Supervision over the allocations made from the ownership reform reserve fund of the Government of the Republic, as well as the use of privatisation proceeds received by Enterprise Estonia shall be exercised by the Minister of Finance.

(3) Supervision over the use of money received in the ownership reform reserve fund of a local government and a local government housing fund shall be exercised by the county governor.

(4) The Minister of Finance shall be entitled to make an application to the Minister of Economic Affairs and Communications and county governors with regard to the supervision provided for in clauses (1) 1) and 2) and subsection (3) of this section for the commencement of supervision proceedings.

(5) The persons exercising the supervision specified in subsections (1)–(3) of this section (hereinafter *supervisory authority*) shall be entitled to request from the organiser of privatisation and obligated subjects of privatisation (hereinafter *organiser of privatisation*), Enterprise Estonia, as well as agencies and legal persons who have been allocated money from the funds and foundations specified in subsections (2) and (3) of this section the information necessary for exercising the supervision.

(6) The supervisory authority can make a written precept to the organiser of privatisation and the agencies and legal persons using the money allocated from the funds and foundations specified in subsections (2) and (3) of this section for the termination of an offence or performance of certain acts, indicating the respective term.

(7) In case of non-compliance or improper compliance with the precept, the supervisory authority shall be entitled to have recourse to the courts, and the supervisory control provided for in Chapter 7 of the Government of the Republic Act (RT I 1995, 94, 1628; 1996, 49, 953; 88, 1560) shall be imposed on a state authority that has failed to comply or improperly complied with the precept.

(8) Unless the organiser of privatisation transfers the privatisation proceeds within 12 working days as of its receipt in a special account, the Minister of Finance shall be entitled to require, on the basis of a written notice from the supervisory authority, the organiser of privatisation to pay an interest at the rate of 0.5% of the amount subject to transfer for each day of delay. The interest claim shall be documented by a directive of the Minister of Finance.

(9) The reports concerning the special privatisation accounts, the receipt, distribution and use of the privatisation proceeds shall be submitted pursuant to the procedure established by the Minister of Finance. [RT I 2003, 88, 594 - entry into force 08.01.2004]

## **§ 11. Implementing provisions**

(1) This Act enters into force on 3 May 1996.

(2) Sections 1–9 of the Use of State and Municipal Property Privatisation Proceeds Act (RT I 1993, 24, 430; 1994, 33, 508; 1995, 57, 979) are repealed.

(3) The Use of State and Municipal Property Privatisation Proceeds Act shall apply to the use and distribution of money received in the special privatisation accounts before 2 May 1996.

(4) The money received in the special privatisation accounts before 1 January 2000 shall be distributed on the basis and pursuant to the procedure in force before 31 December 1999.

(5) The balance of the privatisation proceeds received by the Environmental Fund and the Environmental Centre Foundation before 1 January 2000 shall be transferred no later than 10 January 2000 to the non-budgetary ownership reform reserve fund of the Government of the Republic.

(5<sup>1</sup>) The privatisation proceeds received by the Estonian Housing Foundation before 1 January 2001 shall be used on the basis and pursuant to the procedure in force before the specified date.

(6) Sections 3–6 of this Act are repealed as of 1 January 2002 and all the privatisation proceeds from which the debts and expenses specified in subsection 2 (2) have been deducted shall be transferred, in case of privatisation of state assets, state land, state dwellings, non-residential premises and apartment ownerships, to the Stabilisation Reserve Fund and in case of privatisation of municipal property to the budget of a local government.

(7) As of 1 January 2004, the money in the state assets special privatisation account and the proceeds from privatisation of state assets from which the debts and expenses specified in subsection 2 (2) have been deducted shall be transferred to ownership reform reserve fund of the Government of the Republic.

(8) As 1 March 2006, 50 per cent of the proceeds from privatisation of state land from privatisation of state assets from which the debts and expenses specified in subsection 2 (2) have been deducted shall be transferred to ownership reform reserve fund of the Government of the Republic and 50% to the Stabilisation Reserve Fund.  
[RT I 2006, 7, 40 - entry into force 04.02.2006]

(9) As of 1 January 2014, the proceeds from privatisation of state land from which the debts and expenses specified in subsection 2 (2) have been deducted shall be transferred to ownership reform reserve fund of the Government of the Republic.  
[RT I, 27.12.2013, 6 - entry into force 01.01.2014]