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Promotion of Local Government Merger Act

Passed 28.06.2004
RT I 2004, 56, 399
Entry into force 25.07.2004

Amended by the following acts

Passed	Published	Entry into force
20.11.2008	RT I 2008, 51, 285	01.01.2009
22.04.2010	RT I 2010, 22, 108	01.01.2011, enters into force on the date which has been determined in the Decision of the Council of the European Union regarding the abrogation of the derogation established in respect of the Republic of Estonia on the basis provided for in Article 140 (2) of the Treaty on the Functioning of the European Union, Council Decision 2010/416/EU of 13 July 2010 (OJ L 196, 28.07.2010, p. 24–26).
16.09.2010	RT I 2010, 72, 543	01.01.2011
27.02.2013	RT I, 19.03.2013, 1	20.03.2013
19.02.2014	RT I, 13.03.2014, 2	23.03.2014
11.06.2015	RT I, 30.06.2015, 4	01.09.2015, partially 01.07.2015
07.06.2016	RT I, 21.06.2016, 1	01.07.2016, partially 01.01.2018
14.06.2017	RT I, 04.07.2017, 2	01.01.2018, partially 05.07.2017

Chapter 1
GENERAL PROVISIONS

§ 1. Purpose of Act

The purpose of this Act is to promote the merger of local governments and structuring of the administrative division of the territory resulting in an increase of the administrative capacity of local governments and their ability to prepare successful project applications, improvement of the accessibility and quality of public services offered by local governments within their territory and improvement in the cooperative ability of local governments.

§ 2. Scope of application of Act

(1) This Act establishes the principles for merger of local governments and the principles for promoting such merger, the requirements for the accessibility of public services offered by local governments after the merger, the bases for allocation of grants from the state budget for covering the costs related to merger, and the principles for compensating for the decrease of state budget allocations after the merger.

(2) The bases of and procedure for alteration of the administrative-territorial organisation and boundaries, and change of names of administrative units are provided by the Territory of Estonia Administrative Division Act.

§ 3. Merger of local governments and transfer of territorial areas

(1) For the purposes of this Act, merger of local governments means the creation of a new administrative unit on the basis of two or more current local governments or the increase of one administrative unit as a result of uniting two or more local governments.

(2) For the purposes of this Act, transfer of a territorial area means the inclusion of a part of the territory of a local government bordering a a local government participating in the merger into the composition of the local government participating in the merger.
[RT I 2008, 51, 285 - entry into force 01.01.2009]

§ 4. Guarantee of accessibility of public services

(1) A local government formed as the result of a merger shall guarantee accessibility and quality of public services to the residents of the rural municipality or city at a level at least equal to the level before the merger of the local governments.

(2) The provision of public services shall be organised in all the settlement units where, before the merger, rural municipality or city governments were situated.
[RT I 2008, 51, 285 - entry into force 01.01.2009]

(3) [Repealed - RT I 2008, 51, 285 - entry into force 01.01.2009]

Chapter 2
PROMOTION OF LOCAL GOVERNMENT MERGER

§ 5. Right of local governments to merge

(1) Local governments shall have the right to merge for achieving the results specified in § 1 of this Act in the cases provided for in subsections 7 (4) and (4^1) of the Territory of Estonia Administrative Division Act and in consideration of the circumstances specified in subsection 7 (5) of the same Act.
[RT I, 19.03.2013, 1 - entry into force 20.03.2013]

(2) The grants prescribed in § 6 of this Act shall be allocated upon the transfer of a territorial area and upon the merger of local governments.
[RT I, 19.03.2013, 1 - entry into force 20.03.2013]

(3) The Ministry of Finance has the right, after receiving the decisions specified in subsections 9 (1) and (2) of the Territory of Estonia Administrative Division Act, to make a proposal to the local governments concerned to submit an application for alteration of the administrative-territorial organisation to a local government if, taking account of the circumstances provided in subsection 7 (5) of the Territory of Estonia Administrative Division Act, expedience exists for altering the administrative-territorial organisation thereof.
[RT I, 30.06.2015, 4 - entry into force 01.09.2015]

(4) [Repealed - RT I 2010, 72, 543 - entry into force 01.01.2011]

§ 6. Grants allocated from state budget

(1) Merger grants are allocated from the state budget to the local governments formed as the result of a merger. A merger grant of 50 euros per each resident of a merged local government shall be calculated separately for each merged local government; the size of such grant shall not be less than 150,000 euros and not more than 400,000 euros per each merged local government. Upon transfer of a territorial area to a local government formed as the result of a merger, a grant of 50 euros per each resident of the transferred territorial area shall be allocated from the state budget to the formed local government. For payment of a merger grant to a local government formed as the result of a merger, the merger grants separately calculated for each merged local government and transferred territorial area shall be aggregated.
[RT I, 19.03.2013, 1 - entry into force 20.03.2013]

(2) The merger grant specified in subsection (1) of this section is allocated for the costs related to the following actions:
1) conduct of research, analyses and consultations related to the merger;
2) ascertaining of the opinion of the residents of the rural municipality or city;
3) actions related to the change of the name and status of the local government;
4) reorganisation of local authority administrative agencies or agencies administered by such administrative agencies, and payment of the compensations and, in case of mergers initiated by the municipal councils, the bonuses;
[RT I, 04.07.2017, 2 - entry into force 05.07.2017]

4[1]) payment of single compensation to the chairman of the council of a relevant local government, rural municipality and city mayor upon termination of their authority in the cases provided for in subsections 54[1](3) and (3[1]) of the Local Government Organisation Act;
[RT I, 19.03.2013, 1 - entry into force 20.03.2013]
5) coverage of expenses related to the provision of public services specified in subsection 4 (2) of this Act;
[RT I 2008, 51, 285 - entry into force 01.01.2009]
6) financing of the investments prescribed by the development plan or agreed upon in the merger agreement;
7) performance of financial obligations arising from a loan agreement agreed upon in the merger agreement or other type of obligation;
8) co-financing of projects of the European Union structural funds.

(3) When granting the investment support from the state budget or structural funds, the merger of local governments shall be taken into consideration, if possible, as one additional and preferred circumstance for a grant, unless this contradicts the objectives of a measure.
[RT I, 13.03.2014, 2 - entry into force 23.03.2014]

(4) Calculation of a merger grant specified in subsection (1) of this section for a local government established as the result of a merger shall be based on the number of residents according to the data in the population register as of the day of election of the council of the local government established as the result of the merger. Merger grants are calculated to the accuracy of ten euros.
[RT I 2010, 22, 108 - entry into force 01.01.2011]

(5) Merger grant calculated on the basis of subsection (4) of this Act shall be transferred to the local authority formed as the result of a merger not later than by the end of the first half-year of the year after the year of announcement of the results of the council elections of such local authority (hereinafter *year of merger*).
[RT I, 21.06.2016, 1 - entry into force 01.07.2016]

(6) If the size of the grant per local authority formed as the result of a merger allocated from the state budget in the year following the year of the merger is smaller than the merged local authorities would have individually received in total in the year following the year of the merger under the valid terms and conditions of the allocation of grants, the decrease in the grant caused by the merger shall be compensated. The compensation calculated as a lump sum in the year following the year of the merger shall be added to the amount of the grant within eight years following the year of the merger.
[RT I, 21.06.2016, 1 - entry into force 01.07.2016]

(7) The mechanism of transfer of funds established by subsection (6) of this section shall not be applied if the grant calculated based on subsection (6) of this section allocated from the state budget decrease below 0.5 % of the total amount of the operating revenue of the budgets for the year of merger of the merging local authorities from which the case-by-case allocations from the state budget have been deducted. This subsection shall not apply with regard to the educational support specified in subsection 82 (3) of the Basic Schools and Upper Secondary Schools Act.
[RT I, 21.06.2016, 1 - entry into force 01.07.2016]

(8) The provision of the compensation for the decrease in the grant caused by the merger, which is specified in subsection (6) of this section, shall cease if the provision of the corresponding grant from the state budget is ceased during the compensation period.
[RT I, 21.06.2016, 1 - entry into force 01.07.2016]

(9) If during the period of the provision of the compensation for the decrease in the grant caused by the merger a local authority created as a result of the merger does not comply with the conditions for the receipt of the grant and does not receive the grant some year, the compensation specified in subsection (6) of this section shall not be paid this year.
[RT I, 21.06.2016, 1 - entry into force 01.07.2016]

Chapter 3
FINAL PROVISIONS

§ 7. Implementation of Act

(1) [Repealed - RT I 2008, 51, 285 - entry into force 01.01.2009]

(2) [Repealed - RT I 2008, 51, 285 - entry into force 01.01.2009]

(3) [Repealed - RT I, 19.03.2013, 1 - entry into force 20.03.2013]

(4) [Repealed - RT I, 19.03.2013, 1 - entry into force 20.03.2013]

§ 8.–§ 9.[Omitted from this text.]