

THE LAW OF THE REPUBLIC OF ARMENIA

ON LOCAL SELF-GOVERNMENT

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Non official translation

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CHAPTER 1. GENERAL PROVISIONS

Article 1. Purposes of this Law

This law is to set out the role of local self-government in enforcing government by the people in the Republic of Armenia, as well as the notion, bodies, general principles, powers, and legal, economic, financial bases of their operations and the respective guarantees, and to regulate relations between the State authorities and local self-government bodies.

Article 2. Legislation Regarding the Local Self-Government

The local self-government in the Republic of Armenia shall be governed by the Constitution of the Republic of Armenia, this law, other laws and legal acts.

Article 3. Local Self-Government

Local self-government is the Constitutionally guaranteed right and capacity of local self-government bodies acting at their own responsibility and as provided by the legislation, to manage the community's property and financial resources, and to resolve the problems of community importance with a view to improving the well-being of the population. Local government shall be exercised in the whole territory of the Republic of Armenia. The status of the Lake Sevan shall be defined by the respective law.

Article 4. A Community

A community represents the democratic basis of the State system. It is a commonwealth of residents and represents an administrative and territorial subdivision within defined boundaries where local self-government is implemented by virtue of elected bodies. A community is a legal

entity, specifics of which are defined by this law. A community disposes its property independently, it has its budget as well as a seal bearing the coat-of-arms of the Republic of Armenia or the community and its name.

Article 5. Residents of a Community

A person registered in a community shall be considered a resident of such community. Participation of community residents in the election of local self-government bodies shall be defined pursuant to the Election Code of the Republic of Armenia.

Article 6. Administrative Territory of a Community

A community consists of one or several settlements within one common territory. The administrative territory of a community shall include lands and water areas owned by physical persons and legal entities, the community itself, as well as the State. Description of administrative boundaries of the community shall be defined by the respective law.

Article 7. Local Self-Government Bodies

To exercise people's power and achieve the community objectives local self-government bodies, viz. Community Council, Chief of the Community shall be elected in communities in a manner specified by law. Citizens who are residents of a given community for at least one year may be elected the Community Council members and Chief of the Community.

A Community Council shall be a representative body, which shall exercise powers provided for by the Constitution of the Republic of Armenia and this Law.

A Community Council shall assume its responsibilities no sooner than the next day following the termination of the mandate of the former Community Council.

A Chief of a Community (Mayor in municipal communities, Chief of the Neighborhood in the neighborhood communities of the city of Yerevan, and Chief of the Village in rural communities) shall officially represent the community, be the executive body of the community and exercise powers provided for by the Constitution of the Republic of Armenia and this Law.

A Chief of a Community shall accept his office no sooner than the next day following the termination of the mandate of the former Chief of the Community.

A Chief of Community elected through early elections shall assume his responsibilities on the next day when results of elections are officially made public.

Article 8. Residence of Local Self-Government Bodies

Local self-government bodies, viz. Community Council, Chief of the Community shall act within the place of residence chosen by them.

The residence building of the community shall bear the flag of the Republic of Armenia and the office of the Chief of the Community shall also bear the coat-of-arms of the Republic of Armenia.

Article 9. The Principles of Local Self-Government

The following shall be the principles of local self-government:

1. General authority shall be the entitlement to carry out any autonomous activity at their own responsibility in relation to the interests of the community and in no contradiction to the law, if not otherwise prescribed by the legislation;
2. Independence and own responsibility in implementing local governance;
3. Correspondence between the powers prescribed by the law and financial resources required for enforcement of such powers;
4. Delegation of the powers of the State authorities to local self-government bodies, if such powers can be more effectively exercised in communities, and ensuring, in an obligatory manner, the adequate financial resources by the law;
5. Judicial protection of the rights, legitimate interests and the property of the community in accordance with the procedure defined by the law;
6. Assistance to financially weak communities through financial adjustment;
7. Creation of intercommunity associations with other communities with the objective to jointly solve individual problems in accordance with the defined procedure;
8. Accountability to the community members;
9. Publicity and transparency in the activities of local self-government bodies.

Article 10. The General Description of the Powers of Local Self-Government Bodies

The powers of local self-government bodies shall be divided into their own powers and powers delegated by the State.

Own powers shall be divided into mandatory and voluntary powers.

Mandatory powers and procedure of enforcement thereof shall be defined by the legislation.

Implementation of the powers ascribed to the state authorities may be delegated to communities according to this law, as powers delegated by the state.

The State delegated powers shall be implemented in accordance with the legislation or procedure defined by the Government. The State delegated powers shall be funded from the state budget, in full and obligatory manner, out of the funds envisaged in the budget line of financing the State delegated powers.

Mandatory powers and powers delegated by the State shall be subject to priority implementation as prescribed by the law.

Voluntary powers shall be exercised in conformity with the regulations defined by the Community Council and in accordance with the financing provided for by the community budget.

Voluntary powers listed in this Law shall not be exhaustive. The communities may implement the powers attributed to the local government bodies by other laws solely as voluntary ones. Local self-government bodies may carry on any activity related to the interests of the community and not conflicting with law.

CHAPTER 2. THE COMMUNITY COUNCIL

Article 11. Organization of the Activity of a Community Council

A Community Council shall be considered construed if its simple majority of its members, as defined in the legislation, are elected.

The Community Council shall adopt a regulation regulating the Community Council activities, preparation and holding of sessions. Such sessions shall be held no less than once in two months. The Community Council may hold extraordinary sessions.

The Community Council, for the purpose of performing his functions, may issue decisions on establishment of permanent or ad hoc commissions.

The Chief of the Community shall create necessary conditions within the community residence building to ensure the activities of the Community Council in accordance with this law and the Council regulations.

At session of a Council, any matter related to the interests of the community may be discussed. The Council may pass decisions and messages regarding the matters discussed. In the cases prescribed by this law, the Community Council shall take minutes.

In respect of the matters related to the interests of the community but being beyond its jurisdiction, the Council may pass messages addressed to the population of the community, the Chief of the Community, the Regional Governor or to any other State authority.

Within a month period after the message of the Community Council is received, State authorities, Regional Governor, or a Chief of Community shall have to review the message and notify the Community Council on the outcomes of such review.

Article 12. Agenda of the Session of the Community Council and Preparation of Drafts of Decisions

The draft agenda of the sessions of the Community Council shall be compiled by the Chief of Community and members of the Council on the basis of written clauses submitted to the Community Staff Secretary at least five days before the session is held.

The author of a clause shall propose one or several alternative drafts of decision. Any draft shall contain the justification in proof of the necessity to adopt a decision together with financial cost estimate for implementation of the draft decision.

The draft agenda, the related drafts of decisions thereto, and the attached documents shall be circulated among the members of the Community Council at least three days prior to the session.

The agenda of a session shall be approved by the decision of the Community Council.

Article 13. The First Session of a Newly Elected Community Council

The first session of the newly elected Community Council shall be convened no later than within twenty days upon assuming its responsibilities.

Article 14. Session of a Community Council

The sessions shall be convened and presided over by the Chief or Acting Chief of the Community, who shall have a deliberative vote.

Sessions of a Community Council shall be valid in the presence of simple majority of the members of the Council. In case the quorum is not present within half an hour after the session has started, or the Chief of Community is not present at the session and the session does not start, minutes shall be compiled for signing by the Council members who are present at the session.

Decisions and messages of the Community Council shall be passed by a majority vote of the Council members present at the session.

A decision of the Community Council shall contain the surnames of the members of the Community Council who voted “for”, “against”, or “abstained” with signatures of voters. Any decision of the Community Council shall be sealed by the Chief of Community.

Session of the Community Council shall be continued to the point where the Agenda is exhausted. A session may be interrupted in accordance with the respective decision of the Community Council or in cases provided for in this law.

The sessions of Community Council shall be public. In some cases, according to the decision of the two-thirds of the members of the Community Council present vote for such, the session may be held in camera.

The Community Council may invite any person to take part in its sessions. At the invitation of the Chief of Community, personnel of the Staff of the Community shall take part in the sessions.

The Chief of Community can present to the Community Council his objections to the decisions thereof in writing within a period of three days, including the justifications thereto, if such decision is in conflict with the law, or the implementation of such decision contradicts the legislation or decisions of the Community Council taken earlier.

In cases when the Chief of Community has objections to the decision of the Community Council, the Chief of Community shall convene an extraordinary session of the Community Council within a period of three days, with the enforcement of the debated decision postponed until its discussion at the session of the members of the Community Council.

The Community Council shall discuss such objections at such session and take respective decisions by a simple majority of the present members. Should the debated decision not be

discussed at the said session and within the specified deadlines, or the session not take place, such decision shall enter into legal force and shall become mandatory for implementation.

Decisions of the Community Council may be appealed in legal manner by the Chief of Community.

Article 15. Extraordinary Session of a Community Council

An extraordinary session of the Community Council shall be convened by the Chief, and/or the Acting Chief of the Community on their own initiative or on the initiative of at least one-third of the members of the Council, the number of which is defined by the law.

An extraordinary session of the Community Council shall be convened by the Chief of the Community in accordance with the agenda and deadlines defined by the initiator of such session.

The agenda of the extraordinary session of the Community Council, draft decisions on the issues in the agenda and supporting documentation shall be provided to the Community Council members at least one day before the commencement of the session.

Similar requirements shall be applicable to the documents necessary for adoption of decision on the issues to be discussed at extraordinary and regular sessions.

Article 16. The Powers of a Community Council

In accordance with the order defined by this law, A Community Council shall:

1. Pass its Regulations in accordance with the requirements of this law;
2. Approve development program of the community;
3. Approve the community budget, amendments thereto proposed by the Chief of the Community and the statement on execution of the annual budget;
4. Supervise the performance of the community budget and the use of loans and other financial resources received by the community;
5. Define the procedure for implementation of the voluntary powers and required financial resources upon the submission of the Chief of the Community;
6. Initiate and appoint a local referendum in accordance with the order defined by the legislation;
7. Supervise the decisions taken by the Chief of the Community in respect of their compliance with the existing legislation and decisions of the Community Council;
8. Establish the official salary of the Chief of the Community;
9. Take a decision to submit a proposal to the Regional Governor, and Mayor in Yerevan, with regard to dismissal of the Chief of the Community;
10. Take decision to form intercommunity unions, as well as submit a proposal to the authorized state body on establishment of a new community through merger with other community;
11. Define its representative in the Council of intercommunity association;
12. Take decisions on receiving documents not containing legislatively defined confidential information from state bodies and officials, which concern the community. Performance of this requirement within a period of one month is obligatory for state bodies and officials;
13. Take decision on premature termination of the mandate of a member of Community Council;
14. As prescribed by the law take decisions on establishment, restructuring and/or liquidation of

- budgetary institutions of community subordination, commercial and non-commercial organizations with community participation in accordance with the legislation;
15. In its decision, issue its agreement to the candidates to assume the posts of directors of budgetary institutions and non-commercial organizations proposed by the Chief of the Community;
 16. In accordance with the procedure defined by the legislation of the Republic of Armenia approve the composition of Boards and supervisory councils of commercial organizations with the community participation. The number of members of such bodies proposed by the Community Council may not be more than half of such members;
 17. Define the community rules for operations of agencies and organizations in the sectors of trading, public catering and services in compliance with the respective legislation;
 18. Define the rates of local duties and fees set by the legislation;
 19. Define the rates of services delivered by the Community;
 20. Take decision on lease or alienation of the property owned by the community; approve rates of rents, alienation prices and terms as well as the floor price of a property to be alienated through an auction;
 21. Take decision on naming or renaming of streets, avenues, squares, parks of community importance and educational, culture and other enterprises and organizations of the community subordination;
 22. Ratify cooperation agreements concluded with other communities of the Republic of Armenia and other states in its decision. With the objective to coordinate the activities of the communities, as well as represent and protect common interests, take decision on membership in associations created by communities and paying the respective membership fees;
 23. Take decision with regard to attraction of loan and other legitimately borrowed resources;
 24. In accordance with the village and city regulations, take decision on granting and recalling by the village and city councils of the title of Honorary resident of the community to the citizens of the Republic of Armenia and those of foreign countries;
 25. Take decision on coat-of-arms of the community;
 26. Approve the number, staff list and official rates of remuneration of the staff of the Chief of Community and budgetary institutions;
 27. Approve the master plan for community urban development, land zoning and use scheme; drafts of detailed planning of individual districts and construction complexes, and drafts of planning and maintenance of historical and cultural sites;
 28. Approve the urban development charters of the settlements;
 29. Approve annual inventory list of the property of the community;
 30. Submit proposals to or agree with the authorized state body in respect of renaming the community.

The Community Council shall carry out other powers prescribed by the Constitution and legislation.

Article 17. Bringing a Motion for Dismissal of the Chief of a Community

The Community Council shall discuss a motion for dismissal of the Chief of the Community, if so requested in writing by at least one-third of the total number of the Council members.

The Community Council may submit the proposal for dismissal of the Chief of a Community if the Chief of Community has breached the ROA Constitution, legislation and decisions of the

Community Council. In case the Chief of Community fails to be present at the session without satisfactory justification of such absence, the Community Council shall compile minutes, which shall, within a period of three days, be submitted to the Regional Governor. The minutes may serve a basis for Regional Governor to initiate the dismissal procedure against the Chief of the Community.

A decision on a motion for dismissal of the Chief of the Community shall be passed by more than 50% of the votes of the duly defined total number of the Council members. The said decision shall be delivered to the Regional Governor within a period of three days in marzes, and to Mayor of Yerevan in Yerevan attaching the opinion of the Chief of Community.

The Regional Governor shall submit the motion for dismissal to the Government within three days, and shall attach thereto a Statement of his opinion.

The Community Council may discuss a motion for dismissal of the Chief of the Community not earlier than one year after the Chief of the Community accepts his office.

Article 18. Restriction on Occupation of Other Posts by a Member of the Community Council

A member of the Community Council may not at the same time:

1. Work in the Staff of the Chief of the same community or in the Regional Governor's office or as a director of an enterprise or organization of the community's or the region's subordination,
2. Act as a Chief or a member of the Council of any other community,
3. Work in law enforcement, national security or judicial bodies; or

In cases envisaged in this Article, as well as in the event if a member of Community Council serves or is going to serve in the Armed Forces, he shall have to refuse, in writing, his membership in the Community Council prior to the regular session, otherwise his powers shall be deemed invalid.

Article 19. The Rights of a Member of a Community Council

A member of a Community Council shall be entitled:

1. To submit proposals regarding the agenda of sessions of the Council and discussed matters;
2. To prepare and submit to the Council for discussion any matters or draft decisions and messages;
3. To demand and receive from the Chief of the Community any official information regarding his activities;
4. To protest, as a member of a Community Council, in the court the decisions or actions of the Community Council or the Chief of the Community if his/her rights of a Community Council member were violated;
5. To receive reimbursement against the costs incurred by him in fulfilling the duties defined by this law.

Article 20. The Duties of a Member of a Community Council

In implementing their activities, the members of Community Council shall have to be governed by the law and principles targeted at well-being of the community.

A member of a Community Council shall:

1. Participate in the sessions of the Council;
2. Periodically meet the population of the community, inform the electors about the work of the Community Council;
3. Participate in the receptions of citizens organized by the Council;
4. Not take part in taking decisions of the Community Council, which are beneficial for him, his family members, close relatives (parents, sister, brother, child);
5. In case of being elected and/or appointed for inconsistent posts, to notify in writing the Community Council or the Chief of Community immediately.

Article 21. Earlier Termination of the Mandate of a Member of a Community Council

The mandate of a member of Community Council shall be terminated by the Council before expiration of its period, if:

1. His Armenian citizenship is terminated;
2. He ceased being a resident of the community;
3. A condemnation sentence passed by the court has come into legal force in respect of that member, and the latter bears the penalty;
4. He has been called to military service or commenced a service in the Armed Force;
5. He has been declared incapacitated, semi-incapacitated, absent or deceased by a court decision entered into legal force;
6. He occupies a post inconsistent with membership in the Council;
7. He has been absent from more than half of the held sessions of the Community Council or voting during a year without a satisfactory reason;
8. He resigns;
9. He is dead.

Save clause 9 above, in cases defined in this Article the powers of a member of Community Council shall be terminated from the moment the next session of the Community Council starts. The Community Council shall compile minutes in that respect, which shall be signed by the other members or the Chief of Community.

In the case provided for in the clause 9 of this Article, the mandate of a member of the Community Council shall be terminated under the decision of the Community Council. In case it is impossible to convene a session of the Community Council, the other members shall compile minutes with regard to termination of the powers of the member of Community Council in question.

Article 22. Earlier Termination of the Powers of the Community Council

If, as a consequence of termination of the powers of a member of the Community Council, holding further sessions of the Council becomes impossible, minutes shall be compiled with regard to earlier termination of the powers of the Community Council, which shall be signed by the other members of the Council or the Chief of the Community.

The above minutes shall be submitted to the authorized state body through the respective Regional Governor. Further to the submission by the Regional Governor, the Government shall initiate legitimate procedure for holding extraordinary elections of the Community Council.

Powers of the members of the Community Council may be early terminated also, when in accordance with the procedure defined by the law the community is reorganized into another administrative territorial unit.

Article 23. Compensation of a Member of the Community Council

In carrying out his responsibilities, any member of a Community Council shall, at his own desire or under the respective decision of the Community Council, receive a monthly pecuniary compensation at the maximum rate of 30% of the monthly salary of a member of the National Assembly of the Republic of Armenia.

**CHAPTER III.
THE CHIEF OF A COMMUNITY AND HIS STAFF**

Article 24. Chief of a Community

Any citizen of Armenia, having a voting right, being a resident of a community for at least one year, and no younger than 25 years old may be elected Chief of Community.

The Chief of Community shall have secondary vocational or higher education. The same person shall not be elected to the post of the Chief of Community for more than two consecutive terms.

Article 25. Inconsistency of the Post of the Chief of a Community

The Chief of a Community may not simultaneously occupy any other State post, perform any other paid work, except for creative, scientific and pedagogical activities.

Article 26. Earlier Termination of the Mandate of the Chief of a Community

The mandate of the Chief of a Community shall be terminated by the Government before the expiration of its term, if:

1. He resigns;
2. His Armenian citizenship is terminated;
3. He stopped being a resident of the community;
4. A condemnation sentence passed by the court has come into legal force in respect of that member, and the latter bears the penalty;
5. He has been declared incapacitated, semi-incapacitated absent or deceased by a court decision entered into legal force;
6. He occupies an inconsistent post;
7. He is dead.

In cases specified above, minutes of Community Council shall be compiled subject to submission to an authorized State body.

The Government shall early terminate powers of the Chief of the Community, when in accordance with the procedure defined by the law, the community is reorganized into another administrative territorial unit.

Article 27. Remuneration of the Chief of a Community

The salary of the Chief of the Community shall be established at the following percentage to the salary of a member of the National Assembly of Armenia:

1. Up to 50 per cent - for the Chief of a community having less than 1,000 population
2. Up to 60 per cent - for the Chief of a community having 1,001-5,000 population
3. Up to 70 per cent - for the Chief of a community having 5,001-20,000 population
4. Up to 80 per cent - for the Chief of a community having 20,001-75,000 population
5. Up to 90 per cent - for the Chief of a community having above 75,000 population

Article 28. Formation of the Staff of the Chief of a Community and Budgetary Institutions

The Chief of a Community shall exercise his powers through his Staff, budgetary institutions, commercial and non-commercial organizations of the community's subordination.

The staff of the Chief of a Community shall include Deputy Chief of a Community, Secretary of the Staff, Heads of Divisions, as well as other personnel envisaged in the staff-list of the community.

The Chief of Community, at his own discretion and responsibility, shall carry out human resources policies and form the staff of the Chief of Community, as well appoints directors of the budgetary organizations, through his submissions and in agreement with the Community Council.

The Chief of a Community, not later than one month after he accepts his office, shall submit the structure of his Staff, as well as the structure and staff-lists, as well as rates of remuneration of the community budgetary agencies and organizations, to the Community Council for approval.

The Deputy Chief of Community, secretary of the staff of the Chief of Community resign upon election of the new Chief of Community. Upon approval of the number of staff and staff list and rates of remuneration thereof, the Chief of Community shall appoint the above officers within a period of one month.

The Deputy Chief of Community, secretary of the staff of the Chief of Community, heads of divisions and other officers shall carry out their statutory responsibilities.

The directors of budgetary institutions shall submit to the Chief of the Community the charters of such institutions for approval.

Article 29. Deputy Chief of the Community

In addition to the powers and responsibilities vested onto him by the charter of the staff of the Chief of the Community, the Deputy Chief of the Community shall exercise, in the absence of the Chief of the Community, other powers pertaining to the jurisdiction of the latter.

Article 30. Secretary of the Staff

The Secretary of the Staff of the Chief of the Community shall carry out the powers vested onto him by this law and charter of the staff of the Chief of Community, in particular:

1. Preparation of the sessions of the Community Council and their minutes, and signing of minutes of the Council by the Council members present at such session;
2. Organization and ensuring support and assistance of the Staff of the Chief of Community in preparing the draft decisions of the Community Council;
3. Document processing, letters processing and Archives activity in the Staff;
4. Organization of preparation works in respect of the draft decisions and directives of the Chief of Community;
5. Publication of decisions and messages to be delivered by the Community Council and Chief of the Community;
6. Ensuring respective arrangement for reception of citizens by the Chief of the Community and the Community Council, the process of consideration and progress of their proposals, applications and complaints;
7. Supervision over the performance of decisions of the Chief of the Community and the Community Council, and over the labor discipline at the Staff of the Chief of the Community;
8. Delivery of decisions passed by the Council to the respective Regional Governor's Office within a period of seven days.

Article 31. Rates of Remuneration for the Staff of the Chief of Community and Employees of Budgetary Institutions

Remuneration for the staff of the Chief of Community and employees of budgetary institutions shall be borne by the community budget in accordance with the respective legislative procedure. The rate of remuneration for the staff of the Chief of Community and employees of budgetary institutions and changes therein shall be approved by the Community Council, further to the submission by the Chief of Community. Salary of each employee shall not exceed 80% of the remuneration of the Chief of the Community in question.

CHAPTER 4. THE POWERS OF THE CHIEF OF A COMMUNITY

Article 32. The Powers of the Chief of a Community

In accordance with the procedure defined in this law, the Chief of a Community shall:

1. Convene and preside the sessions of the Community Council in accordance with the procedure in this law and regulations of the Community Council;
2. Submit the community three-year development program to the Community Council for approval;
3. Approve the charters of his Staff, as well as those of the budgetary and non-commercial agencies and institutions;
4. Submit the draft decisions on the structures of the staff and budget institutions, as well as amendments thereto, to the Community Council for approval;
5. Submit the draft decisions on the number of staff and staff lists and rates of remuneration of the staff and budgetary institutions, and amendments thereto, to the Community Council for approval;

6. Submit the draft decision on creation, restructuring and/or liquidation of budgetary and non-commercial agencies and organizations of community subordination to the Community Council for approval;
7. Submit the draft decision on composition of councils and supervisory boards of the commercial agencies and organizations of community subordination to the Community Council for approval;
8. Appoint and remove from office of the Deputy Chief of the Community, Secretary of the Staff, heads of structural subdivisions;
9. In pursue of decision of the Community Council, appoint and dismiss the directors of budgetary institutions. In case, the Community Council twice fails to give its consent, the Chief of the Community shall make an appointment without the consent of the Community Council;
10. Submit for the approval of the Community Council the draft decision on holding a local referendum;
11. Conclude cooperation agreements with other communities of the Republic of Armenia and other states, submitting them to the Community Council for ratification. Submit the draft decisions on establishment of intercommunity associations, as well as membership in associations established by other communities and payment of relevant membership fees to the Community Council for approval;
12. Conclude contract on lease of the community property in accordance with the procedure defined by the Community Council;
13. Submit the draft decisions on alienation of the community property to the Community Council for approval;
14. Submit a proposal on awarding the Honorary Citizen of the community to the Community Council for approval;
15. Submit a proposal to the Community Council for approval on naming and renaming streets, avenues, squares, parks, educational, culture and other enterprises and organizations of the community's subordination (except for the historical, cultural and natural history monuments);
16. Define the numbering of the community buildings and structures;
17. Take decisions, issue directives and compile minutes within its jurisdiction;
18. Independently and at its own responsibility, organize and govern the process of implementation of the duties delegated by the state in accordance with the legislation or procedure defined by the Government;
19. In accordance with the legislation or procedure defined by the Government, conduct urban development, nature protection, agricultural and other cadastres of community importance;
20. Take measures in accordance with the legislation or procedure defined by the Government in respect of organization of civil defense, anti-epidemic and quarantine measures and reduction of the risk of technological and natural disasters and elimination of their consequences;
21. Exercise other powers specified by the Constitution and this Law.

The powers stipulated in the clauses 1-16 of this Article shall be deemed mandatory duties of the Chief of the Community, and clauses 17-19 shall be considered State delegated duties.

Article 33. The Activity of the Chief of a Community in the Sphere of Protection of the Rights of Citizens and Economic Agencies

In the sphere of protection of the rights of citizens and economic agents, the Chief of a Community shall exercise the following mandatory powers:

1. Within his jurisdiction, take measures for the protection of the rights and legitimate interests of the community residents and economic agents;
2. Carry out accounting (registration) of residents in his Community;
3. Represent the community's interests in the relations with other persons, as well as in the law-courts;
4. Conduct receptions of citizens; consider complaints, applications and proposals of citizens in a manner specified by law and take necessary measures in their respect;
5. Within his powers, promote and assist the economic entities in the community in most efficient implementation of their activities;
6. Resolve matters regarding permission for holding of meetings, demonstrations, marches and other mass arrangements in a manner specified by the ROA Constitution;
7. Ensure provision of copies and duplicates of documents issued from the community archive.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Take measures for the prevention of technological and natural disasters and elimination of their consequences;
2. Compile the lists of electors;
3. Manage the service of civil status registration;
4. Ratify the wills of community residents, if there is no permanent notary office operating in the community;
5. Approve the warrants of the community residents in respect of driver licenses, receiving payments under employment arrangements, including wages and salaries, receiving benefits and stipends, bank deposits and postal communication, including pecuniary and parcel, if there is not permanent notary office operating in the community.

Article 34. The Activity of the Chief of a Community in the Sphere of Finance

In the sphere of finance, The Chief of a Community shall exercise the following mandatory powers:

1. Prepare and submit a draft budget of the community, the proposed amendments thereto to the Community Council for approval, ensure budget execution, to which end the respective annual report shall be submitted to the Community Council;
2. Submit for the approval of the Council the draft decision on establishment of rates of local duties and charges;
3. Submit proposals on rates for the services to be delivered by the community to the Community Council;
4. Agreeing with the state authorized body, submit the documents on attraction of credit and other borrowed resources, including issue of community securities, to the Community Council for approval;
5. Manage the funds of the community budget, ensure targeted spending of such funds;
6. Sign financial documents.

In accordance with the cases and procedures defined in this law, in this sphere, the Chief of a Community shall carry out the following powers delegated by the State:

1. In accordance with the defined order, carrying out collection and supervision of property tax,

land tax, rentals for community and State lands located within the administrative boundaries of the community, as well as local duties and fees.

2. In accordance with the legislation, apply adequate measures against non-payers of taxes and other payment obligations defined by the legislation.

Article 35. The Activity of the Chief of a Community in the Sphere of Protection of Public Ordinance

In the sphere of protection of public security the Chief of a Community shall exercise the following powers delegated by the State:

1. In order to properly exercise the powers vested by this Law, may demand appropriate assistance from the authorities (Police Department) responsible for protection of public security and operating within the territory of the community, which shall be subject to mandatory performance by such authorities. The latter shall ensure provision of weekly information to the Chief of the Community, on breaches taken place in the community;
2. Impose administrative sanctions in cases and in a manner specified by law.

Article 36. The Activity of the Chief of a Community in the Sphere of Defense

In the sphere of defense, the Chief of a Community shall exercise the following voluntary powers:

1. Assist to military service calls, military assemblies, periodical military training;
2. Assist the civil defense authorities in their activities;
3. Take measures for social security of the families of military servants, assist demilitarized persons and war veterans with the solution of their social problems;
4. Assist in military and patriotic upbringing of the population, especially young people.

Article 37. The Activity of the Chief of a Community in the Sphere of Urban Development and Land Use

In the sphere of the community urban development and land use, the Chief of a Community shall exercise the following mandatory powers:

1. Compile the draft of the master plan of the community urban development, as well as the community lands zoning and use schemes, which upon agreeing with the respective authorized state body through the Regional Governor, shall submit to the Community Council for approval;
2. In accordance with the draft zoning of the community, compile and approve and detailed plan of the individual areas and urban development (building-up) complexes of the community, shall be submitted to the Community Council for approval;
3. Approve the urban development charter of the community, shall be submitted to the Community Council for approval;
4. In the cases specified and prescribed, notify the community population with regard to planned changes in urban development environment of the community, issue architectural and planning tasks to the constructors, and bring the architectural and construction designs into compliance with the existing requirements;
5. Issue permits for construction (demolition) activities, document the construction completion acts;

6. Decide on leasing and alienation of community property, rates of renting, the floor price of the auctioned property in accordance with the defined order and objectives set out in the zoning procedure, and submit a proposal to the Community Council for approval;
7. Take decision, in accordance with the procedure defined by the Community Council, to lease and revoke the community property in conformity with the urban development master plan, land zoning and use schemes, as well as the rent payments the rates of which are defined by the Community Council;
8. Allocate community lands for free use to state and community budgetary institutions;
9. As prescribed by the law supervise the execution of the tasks issued to constructors regarding the architectural and building assignments, requirements of urban development charter of the community, targeted utilization of the community lands, buildings and structures;
10. Prevent and preclude unauthorized construction activities and land occupation, arrange for removal of deriving consequences within a period of one month in the manner defined by the legislation;
11. Maintain the accounting, operation of real estate of the community, arrange for its current repair, compile yearly documentation on its inventory to submit them to the Community Council for approval;
12. Issue permission for outdoors advertisement in accordance with the community urban development charter.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Conduct of urban development and land cadastre of the community, and provide information to the State Committee of Real Estate Cadastre, State bodies of urban development and land cadastre;
2. Carry out land balance of the community in accordance with the established procedure;
3. In accordance with the established procedure, allocate, revoke and lease out lands solely on the basis of the contracts concluded by himself, and, in cases and in a manner specified by legislation, alienate State-owned lands located in the territory of the community, in accordance with the general urban development plan and the land zoning and use scheme of the community;
4. Ensure protection of the geodetic points and border milestones of the community in accordance with the defined order.

In this sphere, the Chief of a Community exercises the following voluntary powers:

1. Carry on construction and capital repair of residential and other objects of social importance;
2. Carry out building-up activities.

Article 38. The Activity of the Chief of a Community in the Sphere of Public Utilities and Provision of Amenities

In the sphere of public utilities and the provision of amenities, the Chief of a Community shall exercise the following mandatory powers:

1. Organize and ensure the operations of public utilities of the community, residential buildings, non-residential premises, dormitories, administrative buildings and other structures owned by the community, organize their major and current repairing, registration and distribution;

2. Manage the operation and maintenance of electricity, sewage, water supply and removal, irrigation and gas supply, heating systems and other structures of the community's subordination;
3. Organize planting and improvement of the community;
4. Organize trash collection;
5. Ensure proper operation and maintenance of cemeteries;
6. Prepare and hold a founding meeting of a condominium association, as well as enforcement of other bodies of apartment buildings envisaged by the legislation. Ensure participation in servicing these buildings by the community, in conformity with the number of the flats, which are community property;
7. Organize management of the buildings, which are not governed by a Condominium or an apartment building management body envisaged by the law;
8. With the objective to carry out servicing of the buildings, the Chief of Community shall submit the rates of payments for services to the Community Council for approval.

In this sphere, the Chief of a Community exercises the following voluntary powers:

1. Organize maintenance and protection of resting zones;
2. Organize construction and maintenance of sanitary cleaning stations.

Article 39. The Activity of the Chief of a Community in the Sphere of Transport

In the sphere of transport, the Chief of a Community shall exercise the following mandatory powers shall:

1. Organize maintenance and operation of roads, bridges and other engineering structures of the community's subordination;
2. Regulate transport operations in the community, organize the operation of transport enterprises and organizations of the community's subordination;
3. Grant the permit for providing taxicab and fixed-route minivan services in the territory of the community.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Upon presentation of authorized bodies approve and permit installation and dismantling of traffic signs on roads within the community territory. Traffic signs installed without the consent of the Chief of the Community shall have no legal force.

In this sphere, the Chief of a Community shall exercise the following voluntary power:

1. Organize construction of road, bridge and other engineering structures of the community.

Article 40. The Activity of the Chief of a Community in the Sphere of Trade and Services

In the sphere of trade and services, the Chief of a Community shall exercise the following mandatory powers:

1. Specify community rules of operation for trading, public catering and consumer service enterprises and organizations, which he shall submit to the Community Council for approval, and carry out supervision over implementation of such rules;
2. Shall grant licenses for selling alcoholic beverages and/or tobacco goods in compliance with the community trade rules and regulations (in Yerevan, with the citywide rules and regulations);
3. Shall grant licenses for fairs, as well as open-air trade in the territory of the community;
4. Shall grant permits, in compliance with the community (in Yerevan, with the citywide) service provision rules and regulations, for casinos, bathhouses (saunas), entertainment and games with prizes facilities to operate after 23.00;
5. Shall grant permits, in compliance with the community (in Yerevan, with the citywide), for organization and sales of food items;
6. Shall submit proposals on participation of the community in the Republic of Armenia small and medium enterprises' annual development program.

Article 41. The Activity of the Chief of a Community in the Sphere of Education, Culture and Works with Youth

In the sphere of education, culture and works with youth, the Chief of a Community shall exercise the following mandatory powers:

1. Organize the building, maintenance and reconstruction of specialized schools, kindergartens, clubs, culture centers, libraries and other education and culture enterprises and organizations of the community's subordination, their building, operation and repairing works.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Organize mass measures to celebrate the holidays of the Republic of Armenia and commemoration dates;

In this sphere, the Chief of a Community exercises the following voluntary power:

1. Promotion of the development of national crafts, amateur and folk-arts;
2. Assist in the protection and effective use of historical and cultural monuments located in the territory of the community;
3. Registration, classification and dissemination of information about historical, cultural, natural, tourist and recreation resources of the community;
4. Assist in promotion of the role of youth;
5. Assist in activities of secondary schools.

Article 42. The Activity of the Chief of a Community in the Sphere of Public Health, Physical Culture and Sports

In the sphere of public health, physical culture and sport, the Chief of a Community shall exercise the following mandatory power:

1. Organize the activity of health and sport enterprises and organizations of the community's subordination;

In this sphere, the Chief of a Community shall exercise the following voluntary powers:

1. Support to improvement of sanitary protection
2. Assist public health authorities in the conduct of sanitary, prophylactic and anti-epidemic measures;
3. Promote development of physical culture and sports in the community, carry out construction of sport grounds and other training structures, create recreation zones.

Article 43. The Activity of the Chief of a Community in the Sphere of Labor and Social Services

In the sphere of labor and social services, the Chief of a Community exercises the following powers delegated by the State:

1. Organization of the activities of social safety service within the community:

In this sphere, the Chief of a Community exercises the following voluntary powers:

1. Contribution to the creation of new work places, organizes paid public works;
2. Taking measures for the improvement of social conditions of disabled people, families that have lost a sponsor and other socially vulnerable groups.

Article 44. The Activity of the Chief of a Community in the Sphere of Agriculture

In the sphere of agriculture, the Chief of a Community shall exercise the following mandatory powers:

1. Conduct construction, reconstruction and operation of community-owned irrigation systems;
2. Shall grant permits, in compliance with the community rules and regulations, for keeping pets in the territory of the city of Yerevan and of the city districts, conduct annual registration thereof.

In this sphere, the Chief of a Community shall exercise the following powers delegated by the State:

1. Assist in the works related to prevention of plant diseases, struggle against pests and weeds in the territory of the community;
2. Assist in provision of veterinary services, performance of anti-epidemic arrangements and in observance of rules for prevention of animal diseases and other agricultural rules in the territory of the community;

In this sphere, the Chief of a Community exercises the following voluntary power:

1. Assist in the performance of agricultural works;
2. Assist in carry out pedigree and seed development activities.

Article 45. The Activity of the Chief of a Community in the Sphere of Natural and Environment Protection

In the sphere of nature and environment protection, the Chief of a Community shall exercise the following mandatory powers:

1. Organize maintenance of lands, forest and water reserves that are property of the community, as well as environment protection.

In the sphere of nature and environment protection, the Chief of a Community shall exercise the following powers delegated by the State:

1. Carry out supervision in the sphere of nature protection, as well as assist in the arranging for the use and protection of entrails, forest, water areas, atmosphere, flora and fauna.
2. Ensure protection of lands from sliding, flood, mooring, and pollution by chemicals and radioactive agents and industrial waste.

CHAPTER 5. THE PROPERTY AND ECONOMIC ACTIVITY OF A COMMUNITY

Article 46. The Property of a Community

A community shall have property protected by the Constitution and legislation of the Republic of Armenia. Property of a community is represented by real estate and movable assets, including financial resources and other property titles.

Depriving the community of its property for the needs of the State may only be performed in exceptional cases on the basis of legislation with adequate compensation made in advance of such transaction.

The property of a community shall undergo inventory on a yearly basis by the Chief of Community which inventory shall be submitted to the Community Council for approval. Within a week after acquisition and/or alienation of property, the Chief of a Community shall prepare respective changes in the inventory list, which will be approved by the Community Council at its next session.

Article 47. The Land Property of a Community

In accordance with this law, the lands located within administrative boundaries of a community shall be transferred free of charge under the jurisdiction of the respective community.

A Community shall have the right to dispose of, manage and use its lands in accordance with the order defined by the legislation.

Local authorities shall transfer free of charge lands to budgetary institutions operating within the administrative borders of a community, so that the latter are able to use them for performance of their functions.

Article 48. Asset Property of a Community

The property located within the administrative boundaries of a community shall, pursuant to this law, be transferred under the jurisdiction of such community on free of charge basis, save the

lands belonging to the physical persons and legal entities, as well as the lands necessary for the State for implementation of its activities.

Article 49. Property Required for Implementation of Mandatory Powers of a Community

The property, belonging to the state and is targeted for fulfillment of the mandatory powers attributed to the communities by this law shall be transferred to the communities free of charge.

Mandatory powers of the communities shall be fulfilled by the staff of the chief of community, budgetary institutions, commercial and non-commercial agencies and organizations. The following state assets may be the property of communities: State-owned kindergartens, communal utilities and other communications, water supply and removal, sewage, heating and trash removal utilities located within the community, together with all their internal community networks.

The following may also be the property of a community: specialized schools, clubs, culture halls, theatres, cinemas, museums, libraries, exhibition halls, markets, health and transport enterprises and organizations, streets, squares, bridges, state owned residential stock and non-residential areas, recreation areas, cemeteries, other structures of community importance, as well as administrative buildings, educational, culture, sport and other objects and structures, enterprises, organizations, transportation means, other real and movable property. Internal networks of gas and electricity supply, drinking and irrigation pipelines together with their water reservoirs and pumping stations also represent the property of the community.

In transferring the property of legal entities to a community as an ownership, the land attached to such property shall be transferred to a community as well.

The property defined under this law shall be transferred to a community in accordance with the requirements of this law, i.e. under the respective Government Decree.

Article 50. Formation of Community Property

The property of a community shall be construed by virtue of:

1. Transfer of state owned property to the ownership of communities;
2. Operations of enterprises and organizations under the community subordination;
3. Revenues of the community budgets and other financial inflows not prohibited by the legislation;
4. Property and assets acquired at the expense of community budget resources;
5. Charity donations, gifts from citizens, agencies and organizations;
6. Other sources not prohibited by legislation.

Article 51. Servitude on Alienation of Community Property

Lands that are property of a community may be alienated in accordance with the objectives of the zoning plan of the community and with the objective of promoting economic activities on the territory of the community.

In order to promote economic activities in its territory, a community shall have the priority entitlement for buy back of the alienated lands.

In the land alienation contract the parties shall stipulate the priority entitlement for buy back of the land in question and the deadlines of activities carried out by the economic entity concerned. Should the contract be breached, it may be resolved under a judicial procedure.

The community land and property, including communication networks, which are necessary for implementation of the powers of a community, may be alienated exclusively under to the permission of the authorized State body.

Financial resources generated from alienation of a property shall be channeled to the Fund constituent of the community budget.

Article 52. Business Activity of a Community

Further to the decision of the Community Council, a community, with a view of exercising its powers, may create budgetary institutions, commercial and non-commercial agencies.

Community agencies and institutions may be:

1. Budgetary institutions;
2. Commercial and non-commercial organizations, which totally belong to the community; and
3. Commercial organizations, where the community has its share.

CHAPTER 6. DEVELOPMENT PROGRAM AND BUDGET OF A COMMUNITY

Article 53. Development Program of a Community

The Chief of Community shall elaborate the community three-year development program, which he shall submit for the approval of the newly elected Community Council within a period of three months after the latter has assumed its office. If the period of assuming the office by the newly elected Chief of the Community falls within the period of three months of assuming the office by the newly elected Community Council, then the newly elected Chief of the Community shall submit the three-year development program for the approval of the newly elected Community Council either within a period of three months after assuming the office by the Council or within a period of two months of his assuming the office.

Community Council shall discuss the presented program, introduce amendments and approve it in its decision.

In elaborating the annual budgets of the community, the Chief of Community shall take into consideration the crucial needs of the community population, three-year community development program, as well as the resources available.

Article 54. Community Budget

A community budget is a financial plan of revenues (inflow) and expenditures for a period of one year targeted at implementation of the three-year program of the community and powers ascribed to a community by the legislation.

A community budget shall be approved by the Community Council on a yearly basis. The Community Council shall introduce changes and amendments in the community budget at the initiative of the Chief of Community. The statement on execution of the community budget shall be approved by the Community Council.

The community budget shall consist of administrative and fund constituents. The community budget shall be executed in accordance with the procedure defined in the legislation.

Article 55. Discussion and Approval of the Community Budget

The Chief of Community shall submit the draft of community budget to the Community Council for discussion within two months after the preliminary indicators of subsidies from the state budget allocated to community budgets on the basis of financial adjustment principle are published. The draft budget shall be sent to the members of the Community Council at least one week before its discussion. Should the preliminary indicators of financial adjustment subsidies to local communities change, the Chief of Community shall submit the respective amendments and changes in the draft budget to the Community Council for approval within a period of two weeks.

The Chief of the Community shall submit the draft budget to the Community Council, answer the questions of the members of the Council.

Members of the Community Council shall submit proposals in writing subject to discussion at a session of the Community Council. In cases when any such proposal envisages new expenditures the author of such change shall have to point out the sources for adequate financial resources. After the discussions the Chief of the Community may take one week for making required changes and amendments to the submitted draft budget.

Within the above-specified period, the Chief of a Community shall convene a session of the Community Council and present his position with regard to amendments and changes proposed by the members of the Community Council. The budget containing thus adopted amendments shall be put on voting in total. In case the draft is not adopted in full, the Community Council shall set a new period for discussion, agreeing that with the Chief of the Community; or, the Chief of the community set the date and convene an extraordinary session.

In case the State budget is not accepted before the beginning of the next year, the expenditures shall be funded in accordance with the previous budget year proportions. In such a case, the Chief of a Community shall have to perform under the obligations given rise to by contracts and agreements concluded in previous year, and the expenditures shall be executed at rates not exceeding the levels of the corresponding months for such expenditures.

The authorized State body and the office of the Regional Governor shall provide methodological and advisory assistance throughout elaboration and preparation of the community budget, and carry out overview of the budget process.

The procedure of preparation and submission of the community budgets shall be defined by the RA budget legislation.

In case of non-approval of the community budget the Chief of Community may raise the issue of earlier termination of his powers by virtue of submitting his resignation. If the Community Council within three days of receipt of the resignation of the Chief of the Community fails to take a relevant decision by more than 50% of votes of the Council members, the community budget shall be considered approved including the corrections made by the Chief of the Community.

In case the Community Council takes a decision of earlier termination of the powers of the Chief of the Community by virtue of his resignation in regard with the approval of the community budget, the relevant Regional Governor (marzpet) shall submit the issue to the Government in accordance with the procedure defined by the law.

If the Government within one month of receipt of the application fails to take the required decision, the community budget shall be considered approved including corrections made by the Chief of the Community.

In case the Government early terminates the power of the Chief of the Community by virtue of the latter's resignation, the new Chief of the Community shall submit to the Community Council a draft budget within twenty days. The draft budget shall be reviewed and approved within thirty days in the order prescribed by the law.

Issues of review and approval of community budgets by Community Councils that are not regulated by this law shall be regulated by the RA budget legislation.

Article 56. Requirements to the Community Budgets

Actual spending from any of the constituents of a community budget (operating and capital) throughout the budget year shall not exceed the actual revenues assessed to the respective constituent.

Excess of revenues over the expenditures of a community budget shall constitute the surplus of the budget, while the excess of expenditures over the revenues shall be considered budget deficit.

Community budget deficit shall be funded from legitimate borrowings, as well as from the allocations out of the receipts generated on alienation of the state owned assets, such allocations to the community budgets made in accordance with the legal requirements. The value of the community budget deficit shall not exceed the total of sources of financing such deficit prescribed by the law.

The value of deficit (surplus) of a community budget shall be defined for each year under the budget decision of the community council.

The value of the deficit defined for a budget year (net of the allocations of the receipts generated on alienation of state owned property) may not exceed the average annual 30 percent of the actual revenues assessed to the community capital budget during the preceding second and third

budget years (such revenues estimated net of official transfers and allocations from the operating to the capital budget).

Should the community budget be approved without deficit, the state authorized agency shall carry out legal surveillance over the budget process of the community in question.

Should the community budget be balanced, the state authorized agency shall carry out legal surveillance over the budget process of the community in question.

Should the community budget be in deficit, and as such balanced by borrowings, the chief of community, in collaboration with the state authorized agency, shall elaborate the program of gradual repayment of the borrowings in accordance with the procedure defined by the state authorized agency. In such a case, the state authorized agency, in addition to the legal surveillance, shall carry out permanent supervision over the implementation of the agreed program, including repayment of the borrowings.

Article 57. Sources of Formation of a Community Budget

A community budget shall be constituted on the basis of revenues prescribed in the legislation, including:

1. Tax Revenues:

- a) Land tax: for the lands located within the administrative borders of the community (save the payers, who make centralized tax payments under the respective decrees of the Government);
- b) Property tax deductions;
- c) Income tax deductions;
- d) Profit tax deductions;
- e) Environmental fees deductions;
- f) Fines and penalties for breaches of land and property tax legislations collectable to the community budgets.

The rates of deductions from income and profit taxes, as well as environmental fees, collectable to the community budgets according to the legislation shall be defined in the annual budget laws on a yearly basis.

2. Stamp duties

- a) State stamp duties, including for:
 - Registration of civil status titles, issuing copies to physical persons, introduction of amendments, additions and changes in the records, as well as issuing re-registration titles;
 - Notary services rendered by Notary Services, issuing certified copies, compilation of drafts and applications by notary services, copying documents and issuing abstracts from deeds.

b) Local stamp duties.

3. Non-tax revenues, including for:

- a. Payments collected on leasing and use of community lands, as well as the state reserve lands located within the administrative borders of the community;
- b. Rent payments for use of assets held in the balance sheets of organizations under the

jurisdiction of the community;

- c. Incomes from application of penalty measures by local authorities for administrative breaches;
- d. Profit allocations from retained profits of the organizations under the community jurisdiction on the basis of the decisions of the Community Council;
- e. Local fees;
- f. Other local charges collectable to the local governments and subjected to the local budget;
- g. Receipts generated on alienation of abandoned, inherited by or donated assets to local governments and owned thereby;
- h. Allocations from the state budget for financing of the expenditures incurred on fulfillment of the delegated powers.

4. Capital inflows, i.e. receipts on alienation of the community owned assets.

5. Allocations in the shape of official transfers, including:

- a. Subsidies from the state budget under the financial adjustment procedure;
- b. Subventions from the state budget for financing capital spending;
- c. Official transfers from other sources.

6. Sources of financing community budget deficit, including:

- a. Borrowings (credits and loans), including receipts generated on allocation of local securities. The procedure for issue and allocation of local securities shall be defined by the government;
- b. Receipts on privatization of the state owned real estate (save lands), including privatization of unfinished constructions that are state owned, which shall be channeled to:
 - Financing municipal expenditures of Yerevan at the value of 30% of receipts generated on privatization of assets located within the administrative borders of the community;
 - Capital budget of the communities located in the respective marz of Armenia to fund the fulfillment of mandatory powers of local governments at the value of 30% of the receipts generated on privatization of the real estate (including non-finished constructions) located within the administrative borders of the community concerned.

The receipts generated on privatization of the state owned real estate located in Yerevan, shall be channeled to special account opened in accordance with the legislation of Armenia.

To this end, such receipts may be channeled to financing exclusively the programs defined by the Government of Armenia.

Article 58. Subsidies Allocated to Community on the Principle of Financial Equalization

To ensure harmonious development of the communities subsidies shall be allocated to community budgets from the State budget on the principle of financial equalization. The community shall not be obliged to spend the financial resources received on the principle of financial equalization to cover specific expenses or for offset purposes.

The total sum of subsidies allocated to communities from the State budget on the principle of financial equalization shall be calculated based on no less than 4% of the actual revenue of the RA cumulative budget during the previous budget year.

Article 59. Community Loans and Borrowings

Under the decision of the community council, the chief of community may receive budget credits and loans with the objective to execute the budgeted expenditures in a timely manner, such credits agreed by the state authorized agency.

Under the decision of the community council and duly agreed by the state authorized agency, the chief of community may conclude loan agreements for investments in social infrastructure of the community, or issue securities in accordance with legal requirements. Provided the consent of the state authorized agency, the community may conclude the loan agreement with the conditions that the annual repayments of such loans (total of the principal and interest) prescribed by the loan repayment schedule shall not exceed the value of 20% of the revenues collected to the capital budget of the community in the year in question. Community may contract any new loan agreement only further to complete repayment of the existing loan obligations. Such loan resources shall be necessarily channeled to the capital budget of the community.

Collateral under the loan agreements may exclusively be community budget revenues and guarantees of the Government of Armenia. No loans or credits may be extended, or securities purchased, at the expense of the community budgets.

Article 60. Payments for Services Rendered by a Community

The community shall define, in accordance with the legislation, payments for water supply and removal, irrigation, heating, trash removal, servicing apartment buildings, and other services with a view of solving everyday problems of the population.

The payments shall be approved by the decision of the Community Council. If such services are rendered by the community budgetary institutions, the collected funds shall be channeled to the community budget.

Rendering such services by commercial organizations shall be subject to auctioning, to which a participant shall be the commercial organization engaged in rendering such services. In this case, one of the conditions of the tender shall be the maximum rate of the mandatory payments proposed by the community.

In case the successful bidder is the commercial organization of community subordination, the payments shall be collected by that organization.

If the successful bidder is an organization, which is not a property of the community, the community shall conclude an agreement with such organization stipulating the terms and conditions for rendering the services, rates of payments to be collected, which will be assessed by the successful bidder.

Article 61. Operating and Capital Budgets of the Community

The sources of budget revenues earmarked for operating and capital constituents of a community budget, as well as the expenditures assigned to each of the constituents shall be defined in this law and budget legislation of Armenia.

Operating budget of the community shall be construed of the land tax, property tax, income tax, profit tax, fines and penalties defined for administrative breaches of tax legislation, stamp duties, privatization receipts on state owned real estate, including non-finished constructions, deductions from profits of organizations where the community is a shareholder to be made under the respective decisions of the community council, mandatory charges, state budget subsidies for fulfillment of delegated powers of the community, subsidies prescribed under the financial adjustment legislation, other tax deductions collectable to community budgets and other subsidies.

Capital budget of the community shall be construed of such sources, which are not earmarked to the operating budget of the community.

The operating budget of a community shall be used for financing current expenditures (as defined by the budget legislation of Armenia) incurred on fulfillment of mandatory and voluntary powers, repayment of budget borrowings and fulfillment of powers delegated by the state.

The capital budget of a community shall be used for financing capital expenditures (as defined by the budget legislation of Armenia) in the context of fulfillment of mandatory and voluntary powers and repayment of contracted loans.

Article 62. Reserve Fund of the Community Budget

Community budget shall have a reserve fund to be used for incurring expenses not envisaged in the given year budget, or additional funding of the envisaged expenditures.

Reserve fund of the community operating budget may be envisaged at 5-20 percent of the revenues attributable to operating budget of a community.

Reserve fund can be constituted in the Fund item of a community budget. This may not exceed the 30% benchmark of the revenues of the Fund item.

Financial resources from the operating item may be channeled to Fund item of the community budget. Financial resources from the Fund item may not be channeled to operating item of the community budget.

Reserve funds may be used only under the respective decisions of the Community Council.

Article 63. Retained Budgetary Funds at the Beginning of the Year

Retained budgetary funds of a given year are the excess of revenues over expenditures of the previous budget year, which may, by the decision of the Community Council, be directed at additional financing of budget lines envisaged for the same year or be used for funding of contingencies.

The retained budgetary funds accumulated in the operating budget of the community shall be channeled to:

a) Meeting the obligations subject to financing, however pending, under the operating budget of

the previous (closed) financial year;

b) Any balance remaining after meeting the above obligations shall be channeled to fund the expenditures defined in the respective decisions of the community council.

Article 64. Publication of the Community Development Program and Annual Budget

The three-year program of development of a community, as well as the annual budget of the community shall be published.

In order to make the three-year program of development of a community and the annual budget of the community more understandable for the community population, basic indicators, as well bulletins and booklets containing statistical and graphical data shall be prepared and published.

Article 65. Execution of a Community Budget

On the basis of the budget, the Chief of the Community shall define the goals of the Staff of the Chief of the Community and its subdivisions approve quarterly or monthly plans of cash transactions of the subdivisions.

The Chief of the Community shall ensure the execution of the budget, sign all financial documents on a mandatory basis and shall be personally responsible for the accurate and legitimate performance of financial operations.

Article 66. Servicing the Community Budget Execution

Servicing of the community budget execution in accordance with procedures defined by laws and other legal acts shall be performed through its field treasury offices, where each community shall hold their account.

The approved community budget and any changes that might have been incorporated therein shall be submitted to the respective field treasury office within a period of one week, and such field treasury office shall have to immediately perform allocation of financial resources as demanded by the community, if adequate funds are available on the account of the community and envisaged in the community budget.

Financial resources donated to the communities by private persons for implementation of targeted projects may be placed in a bank account under the request of such persons, the decision of the Community Council and if so agreed by the authorized state body.

The field treasury offices shall submit the daily information on revenues and expenditures of a community budget to the Chief of the Community.

Article 67. Ensuring Revenues for a Community Budget

A community shall, via its relevant subdivisions, independently ensure collection of the following types of revenues to the community budget through intercommunity associations, urban communities outside such associations and tax authorities of district communities: land tax, property tax, local duties and fees, rental payments for state owned lands, rental payments

for the lands that are community property, dividends on shares of the community with the joint-stock organizations, proceeds from alienation of community property, inflows from other mandatory payments. The collection of income tax, profit tax into the community budget shall be ensured by national tax authorities.

Any curtail of community budget revenues or increase of expenditures under the legislation adopted by the National Assembly shall be compensated by the State.

Article 68. Supervision over the Budget Execution

Supervision over community budget execution shall be carried out by the Community Council, who is entitled to check out any budget operation, efficiency and quality of the works done, as well as require reports on the expenditures performed.

In order to ensure sustainable and efficient supervision over the budget execution, the Community Councils may in accordance with the defined procedure, involve auditing services. Expenses to be incurred for performing audit activities shall be borne in the budgets of respective communities.

Article 69. Approval of the Budget Execution Report

The Chief of a Community shall, on a quarterly basis and on the dates defined in the budget legislation of Armenia, submit information notes on the progress of budget process to the Community Council.

An annual report on budget execution shall be submitted to the Council after the end of the budget year, together with the quarterly report of budget execution for the next year.

Audit service shall issue the outcomes and conclusions of its studies to the Community Council in respect of annual report on budget execution, submitted by the Chief of the Community.

At the session of the Council, the Chief of the Community shall answer the questions of the members of the Council and give necessary explanations.

The Community Council may arrange for an independent audit of budget execution, and in case violations are identified, apply to the respective competent authorities.

On completing the discussions, the Community Council shall issue a decision on approval of the budget execution report.

The procedure for discussing the annual budget execution report at the session of Community Council shall be defined in accordance with the Charter of the Community Council.

The composition of the annual budget execution report of the community, as well as the timeframe for discussing and approving the report by the Community Council, shall be defined by the budget legislation of Armenia.

In case the annual budget execution report of the community is not approved, the Community Council shall be entitled to bring a dismissal motion against the chief of community in accordance with the legislative procedure. In case no such motion is brought against the chief of community, or the Government does not issue a decree on dismissal of the chief of community in question within a month since the receipt of such motion, the annual budget execution report shall be considered approved.

In case the decision on dismissal of the chief of community is adopted, the chief of community shall leave the office in accordance with the legislation, while the annual budget execution report shall be considered approved.

Any issue in respect of discussion and approval of the annual budget execution report of the community, which has not been regulated in this law, shall be regulated by the budget legislation of Armenia.

CHAPTER 7. INTERRELATIONS BETWEEN THE STATE AND LOCAL GOVERNMENT BODIES

Article 70. Local Self-Governance and State Governance

The people in the Republic of Armenia exercises its governance directly, as well as through state and local government bodies.

Local government bodies shall not constitute a part of state government bodies. Enforcement of the powers of local government bodies by state bodies and officials shall be prohibited, if not otherwise envisaged by the Constitution and this law.

Article 71. Interrelations Between the State and Local Government Bodies

Interrelations between the state and local government bodies shall be defined by the Constitution of the Republic of Armenia and the law.

The state may not, by virtue of its laws, increase the powers of communities or reduce their revenues without adequate financial compensation.

Local government bodies are entitled to protest in the court the decrees and/or directives of the state governance bodies and officials, which breach the rights of local communities.

The authorized state bodies, as well as the respective Regional Governors (Mayor in Yerevan), are entitled to protest the decisions, actions and/or idleness of local government bodies in the court.

Article 72. Dismissal of the Chief of Community under the Submission of the Regional Governor and Mayor (in Yerevan)

Under the submission of the Regional Governor and Mayor (in Yerevan), a Chief of Community may be dismissed according to the Government Decree.

The Regional Governor and Mayor (in Yerevan), shall be entitled to submit a proposal on dismissal of a Chief of Community to the Government only in cases when such Chief has breached the Constitution, the legislation of the Republic of Armenia and the Community Council decisions. The motion may be raised not earlier than one year after the Chief of the Community accepts his office, and not more than once per year.

Prior to submitting the draft decision (accompanied with his justifications) on dismissal of a Chief of Community, the Regional Governor and Mayor (in Yerevan) shall communicate the above to the Chief of Community in question. On receipt of the draft decision, the Chief of Community shall convene an extraordinary session of the Community Council within a period of two weeks. At its session, the Community Council shall discuss the justifications of the Regional Governor as to the dismissal of the Chief of Community, and, upon listening to the statement of the Chief of Community, issue a decision based on its relevant justifications. The decision of the Community Council accompanied with the opinion of the Chief of Community attached, shall be submitted to the authorized state body and Regional Governor within a period of three days. Through the authorized state body, the Regional Governor shall submit his draft decision with the justifications and attaching the opinion of the Chief of Community and the decision of the Community Council to the Government.

Article 73. Dismissal of the Chief of Community by the Government

The government shall discuss the legitimate initiative of the Community Council or Regional Governor (Mayor in Yerevan) on dismissal of a Chief of Community, and take the respective decision within a period of one month. This case shall be submitted to the Government for discussion by the authorized state body.

The Government may dismiss a Chief of Community only in cases defined in this.

The decision of the Government on dismissal of a Chief of Community shall be communicated to the Chief of Community and Community Council in question within a period of two days.

The decision of the Government on dismissal of a Chief of Community may be protested by the Chief of Community or the Community Council in the court within a period of ten days after the government decision has been received.

Prior to legal enforcement of the court resolution, no extraordinary elections of the Chief of Community may be held, and the Chief of Community concerned shall continue in the office.

Upon legal enforcement of the decision of the Government on dismissal of a Chief of Community shall initiate extraordinary elections and appoint an Acting Chief of Community within three days.

Article 74. Earlier Termination of the Powers of the Chief of Community by the Government

In case of earlier termination of powers of a Chief of Community in accordance with the procedure defined in this law, the Government shall appoint Acting Chief of Community within three days and hold extraordinary elections as prescribed by the legislation.

Article 75. Acting Chief of Community

Prior to assuming the office by the newly elected Chief of Community, the Prime Minister shall appoint Acting Chief of Community in a Chief of a city community, Mayor of Yerevan shall appoint in Yerevan community, and Regional Governor in the village community.

Acting Chief of Community may not be promoted as a candidate for election to the office of the Chief of Community.

Acting Chief of Community may not introduce changes in the staff of the Chief of Community.

Article 76. Judicial Costs

Any costs incurred on judicial procedures in respect of disputes arising between the Community Council and the Chief of Community, member of the Community Council and local government bodies shall be borne by the community budget.

Article 77. State Supervision over Communities, Intercommunity Associations and the Association of Yerevan District Communities

The State shall exercise, through National Assembly and Government, supervision over communities, intercommunity associations and the association of Yerevan District Communities.

The National Assembly represented by its Palace of Auditors and not more frequently than once per annum, shall carry out the targeted utilization of the resources allocated to the communities, intercommunity associations and the association of Yerevan District Communities from the state budget.

The Government represented by the authorized state body or Regional Governor's office, shall carry out financial and economic supervision actions in communities and intercommunity associations not more frequently than once per annum. The Regional Governor's Office shall carry out supervision over the legitimacy of the decisions taken by the Community Councils and the Council of intercommunity associations. The Regional Governor is entitled to protest the decisions of the Community Councils and the Council of intercommunity associations taken in breach of legislation in the court.

The Government represented by the authorized state body shall carry out annual supervision of financial and economic activities of the district communities.

Mayor of Yerevan shall carry out supervision over the legitimacy of the decisions taken by the Yerevan Neighborhood community Councils. The decisions of intercommunity association of the Yerevan district shall be communicated to the authorized state body within a period of seven days after adoption, on the basis of which the legal monitoring is carried out.

The materials concerning infringements giving rise to criminal responsibility as identified in the outcomes of supervision actions, shall be submitted to court or prosecutor's office, and it is only on the basis of these bodies that prosecutor's office may initiate criminal proceedings and carry out inspections in the community in question in accordance with the legislation.

Carrying out supervision in communities between one month in advance of elections and their official completion shall be prohibited.

CHAPTER 8. INTERCOMMUNITY ASSOCIATIONS

Article 78. The Right of Forming Intercommunity Associations

For the purpose of jointly resolving various community problems and reducing expenses the local self-government bodies may form intercommunity associations.

The intercommunity associations shall have the status of a legal entity.

Article 79. The Procedure of Forming Intercommunity Associations

The intercommunity associations shall be formed by Chiefs of Communities through concluding contracts, which shall be approved by Community Councils.

Article 80. The Bodies of the Intercommunity Association

For the purpose of management of the intercommunity associations Association Councils shall be created. The Council of intercommunity association shall consist of Chiefs of Communities, who shall elect the Council Chairperson from their members.

A session of the Council of an Intercommunity Association shall be considered valid if more than half of the Council members are present at such session. Decisions of the Council shall be taken by the simple majority of votes of those present at a session.

CHAPTER 9. REGIONAL (MARZ) COUNCIL, YEREVAN COUNCIL

Article 81. The Regional (Marz) Council

A deliberative body, viz. Regional (Marz) Council shall be created under the Regional Governor (Marzpet). The Council shall consist of Chiefs of Communities and the Regional Governor.

The Regional Governor shall call and conduct sessions of the Regional Council in accordance with the agenda defined by him.

Activities of the Regional Council shall be regulated by this law and the RA President's decree.

Article 82. The Yerevan Council

Yerevan Council shall be created in the city of Yerevan. The Council shall consist of The Yerevan Mayor and Chiefs of neighborhood communities. Chief executive of the Yerevan Council shall be the Mayor of Yerevan.

The Yerevan Council, upon submission of the Yerevan Mayor, shall adopt the cost estimate of expenses, viz. the budget within the revenues of Yerevan generated from sources defined by the law, as well as the procedure of issue of permits, subject to payment of local duties as prescribed by the law.

The Yerevan Mayor with the approval of the majority of the Yerevan Council shall:

1. Name and rename streets, avenues, squares, parks, city-subordinate educational, cultural and other enterprises and organizations of Yerevan;
2. Regulate activities of agencies and organizations involved in commercial and service activities in Yerevan, in accordance with the legislation;
3. Define the regulation for granting the title of the “Honorary Citizen of Yerevan” to citizens and non-citizens of the Republic of Armenia;

The Yerevan mayor shall adopt the Work Regulations of the Yerevan Council.

A session of Yerevan Council is valid if more than half of the Council members are present at such session. The decisions shall be taken at simple majority of the members present at the session.

Activities of the Yerevan Council shall be regulated by this law and the RA President’s decree

CHAPTER 10. TRANSITIONAL AND FINAL PROVISIONS

Article 83. Enforcement of the Law

This law shall enter into legal force upon its promulgation.

Upon the adoption of this law the RA Law on Local Self-Government adopted by the RA National Assembly on June 30 1996 shall become null and void.

Article 84. Transitional Provisions

1. Prior to legislative regulation of the implementation of mandatory powers, it may be defined by the Community Council.
2. Further to the presentation by the authorized state body, the government shall define the procedure of fulfillment of the delegated powers and adequate financial resources before December 1st 2002.
3. The financial resources generated on realization of lands transferred to the ownership of communities by the state shall be directed to elaboration of the drafts of master plan of urban development, as well as land zoning and use schemes.
4. With the objective to carry out current accounting of urban development and land cadastres, attributed to the communities by this law, the body conducting unified cadastre of real estate shall have to complete the initial accounting in autonomous cities (except for Giumri and Vanadzor) by September 1st 2002; before November 1st 2002 in Giumri and Vanadzor; by

December 1st 2002 in neighborhood communities in Yerevan. In parallel with completing initial accounting, the body conducting state unified cadastre shall transfer the respective services, including their documentation and material and technical resources, to the ownership of the autonomous cities and neighborhood communities in Yerevan.

5. Powers stipulated in Part 2, Article 34 of this law shall be transferred to the communities in respect with legal entities from 1st January 2003;

6. Powers defined in Clause 4, Article 33 of this law shall be transferred to respective communities from 1st January 2003;

7. By this law the Government, shall transfer with the right of ownership the State-owned lands to a) neighborhood communities of Yerevan by June 31st 2003, b) Giumri and Vanadzor by August 31st 2002, and c) to all other communities by June 31st 2002.

8. Land lease (use and possession) contracts concluded with physical persons and legal entities after the transfer of State-owned lands to the ownership of communities, shall be deemed valid. The communities, based on the Contracts, shall become the legal successors of the State.

9. The authorized state body defined in this law shall be the respective ministry of territorial administration.

10. Provisions of Chapter 9 of this Law shall be effective prior to adoption of the RA Law on Yerevan;

11. Implementation of 1st sentence of the part 2 of the Article 3 of this Law shall be provided in accordance with the procedure stipulated by the RA Law on Territorial Administrative Division.

President of the Republic of Armenia
Robert Kocharyan

5 June 2002
AL-337

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