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TRANSFORMATION OF LAND RELATIONS REGULATION MECHANISM THROUGHOUT THE RURAL SUSTAINABLE DEVELOPMENT CONTEXT

Purpose. *The aim of the article is to reveal the main transformation directions of the land relations mechanism from the point of state regulation for the sustainable development of rural areas.*

Methodology / approach. *Methods of research applied to the issue were the following: the dialectical-determining key contradictions of land relations regulation mechanism in the context of sustainable rural development; abstract-logical approach, analysis and synthesis, induction and deduction were used for the algorithm of generalization throughout the transfer of state-owned land to communal ownership for territorial communities, the decentralization and the fulfillment of local budgets, conclusions formulation and elaboration of proposals, therefore; a purpose-oriented concerning the investigation of the state regulatory framework regarding land relations and legislative initiatives that should facilitate the improvement in the direction of elaboration of sustainable land relations regulation mechanism; statistical and graphical for analyzing the dynamics of rental charges for state property agricultural land, rental rights for which are sold on land auctions, illustrations of land payments to the local budgets, its structure and share in the total revenues amount.*

Results. *The primary institutional and legal contradictions of the land relations regulation mechanism in the context of basic principles throughout the rural territories balance development are determined; the scale of land disputes in administrative, civil and commercial courts of first instance is described in detail. Legislative initiatives aimed at the mechanism of state regulation in the field of land relations improvement with the purpose of encouraging villages and settlements to unite into self-sufficient territorial communities are summarized profoundly.*

The algorithm of the state-owned land plots transfers to the communal property of the united territorial communities, and also the functions of the State Service of Ukraine for Geodesy, Cartography and Cadastre (StateGeoCadastre), executive authorities and local self-government authorities ensuring this process are highlighted too. The transformation of payments for land, the aspect of their target destination according to rational land usage, ecologization of agrarian production and other environmental measures of rural areas were investigated entirely. The proposals on improving the mechanism of land relations state regulation with the special purpose for rural territories balanced the development that have been processed by completing the rural settlement network borders determination with corresponding institutionalization, improvement of land taxation administration and rent charges for agricultural land, strengthening of public control over the compliance with land and tax legislation.

Originality / scientific novelty. *The unique novelty of this investigation is the determination of land resources as the priority factor of a self-sufficient rural areas development in modern times and conditions.*

Practical value / implications. *The practical issue concerns the suggestions, aimed at improvement of legislation mechanism for land regulation in order to keep the priorities and*

backgrounds of a sustainable rural development.

Key words: *mechanism of state regulation, land relations, sustainable development, united territorial communities, land tax, rent charge, agricultural land.*

Introduction and review of literature. Land Code of Ukraine (Art. 12) dated 25.10.2001, № 2778 powers all the village councils and their executive authorities in the field of land relations in particular to command concerning local communities lands [1]. The existing mechanism of land relations state regulation violated the local rural population rights to land and other resources that were outside the rural (settlement) territorial community. Due to the institutionally legal and organizationally economic imperfection of land relations, there happens a situation that leads to the fact the local budgets are not capable to ensure financially even vital bases needs of rural population. Constitutional norms, regarding the equal conditions of citizens for accessing to medical, educational, housing and communal services, infrastructural, cultural, informational and other services, regardless of their residence, are toughly violated.

The Resolution of the Cabinet of Ministers of Ukraine dated 13 August 2003, № 1253 significantly exacerbated social injustice in the balanced development of rural areas, by which an old Soviet system of keeping the social infrastructure objects by public and state enterprises was completely destroyed, but the new one was not still viable [2]. The mentioned governmental decision approved the procedure for the free transfer of communal property of social and housing objects without the appropriate fund's allocation for their maintenance. The scale of social and economic exclusion in rural areas is shown by the critical level of unemployment and informal employment among peasants, the massive next wave of rural inhabitants (working age) labor emigration, demographic crisis depths in the countryside, environmental and other challenges and threats to national security. The Cabinet of Ministers of Ukraine Decree dated March 16, 2016 № 161 approved just another in recent years poverty reduction strategy for the period until 2020 year as a proof of critical socio-economic condition of rural households, by which was [3].

Extremely unsatisfactory socio-economic conditions are even more strengthened with an aggravation of socio-political situation among rural population because of the possibility considering the market turnover opening of state-owned land areas, especially those located outside the rural settlements. Recently unprecedented scale, comparing with 90s, has come into free privatization of land parcels for private farming, gardening, construction and maintenance of buildings. Agrarians are afraid that once again they will be deceived, because the principle of extra-territoriality in the land provision targeted to private ownership by the authorities of the State Service of Ukraine for Geodesy, Cartography and Cadastre (StateGeoCadastre) is not canceled therefore. It means that even now during decentralization reform, the interests of local communities are furthermore being ignored. Those village and settlement communities, which are restricted by political-market considerations for joining the United Territorial Communities (UTC) will not have free lands beyond

their borders.

Thus, imperfection of land relations regulation mechanism in Ukraine is manifested in interest conflict between rural households, local communities and government at all levels, family farms and other forms of small and medium enterprises in rural and agricultural vertically integrated holding companies.

The results of economic aspects research of the transformation problem, which exist in the mechanism of land relations regulation throughout the context of rural areas sustainable development are highlighted in the works of such scientists as Y. M. Gadzalo and Y. Y. Luzan [4], P. I. Gaydutsky [5], Y. O. Lupenko [6, 6], M. Y. Malik [8], O. M. Mohilniy [8], O. Prokopchuk and I. Gorbachova [10], O. V. Khodakivska [11], G. Cherevko [12] and others.

Generally, the problem of land resources management and rural areas development is still a cutting-edge issue not only for the Ukrainian scientists; those are still widely researched throughout the foreign scientists' works. Namely, the political and economical aspects of land management and its multifunctional meaning for the rural areas have been successfully investigated in papers of F. Brouwer and C. Martijn van der Heide [13] R. P. Campana and L. M. Valenzuela Montes [14]. The focal point of the rural development inside the EU was reflected in articles of A. A. Reddy, C. R. Rani, T. Cadman, T. P. Reddy, M. Battarai and A. N. Reddy [15] G. C. Alonso and A. N. Masot [15]. A special multiply criteria approach for the efficient territorial planning is studied in the works of such scientists as G. O. Palmisano, K. Govindan, A. Boggia, R. V. Loisi, A. De Boni and R. Roma [17]. Also, the problems of land management on condition of global limitation of land resources suitable for agriculture were described in academic works of A. Verhoeve, V. Dewaelheyns, E. Kerselaers, E. Rogge and H. Gulinck [18], J. Li, Yu. Yang and N. Jiang [19] et al.

Problems of land decentralization and land management are reviewed in measures of Territorial Communities in Ukraine and covered in the publications of V. V. Mamonova, V. M. Kojurina [20], V. G. Boklag, S. M. Tyutyunnik [20]. Among the foreign scientists also there are those, who devoted their works to the decentralization issues and its influence to the development of territorial communities, namely Ch. Hankla [21], G. Pinson [23], T. Verheijen and A. Kotchegura [24].

However, there is a number of important issues which require in-depth research, in particular, the one regarding existing contradictions in the mechanism of land relations regulation for rural areas sustainable development, and the land payments administration for by local authorities, problematic aspects of legislative initiatives in the field of land relations, aimed at balanced rural development, etc.

The purpose of the article. The aim of the article is to reveal the main transformation directions of the land relations mechanism from the point of state regulation for the sustainable development of rural areas.

Results and discussion. The process of transformation covers the mechanism of regulation land relations in the conditions of convergence among the politics and

legislation accordingly with the EU-Ukraine Association Agreement consists of the changes and complements for organizational-economical principles together with legal regulators and administrative leverages on the mutually agreed methodological background, aimed to provide the sustainable rural areas development.

Contradiction of the mechanism of regulation land relations for the rural areas sustainable development. In September 2012, The Law of Ukraine «About amendments to certain legislative Acts of Ukraine regarding the delimitation of state and communal land» has been adopted [25]. According to that, from 1 January 2013 all the land in Ukraine is considered to be delimited. This act stipulates that all the lands which are located on the territory of village, settlement, city councils, but not included to the lands of local community, remain in the state ownership.

Subsequently, The Cabinet of Ministers of Ukraine Decree dated April 1, 2014 № 333 approved the Concept of reform for local government and territorial organization of authorities in Ukraine. Thus, the process of decentralization of government authorities and the association of village and settlement communities has begun [26]. They were to receive the new responsibilities and additional resources to provide basic life-support needs and legitimate interests of rural society members. However, the newly formed UTC did not get the right to dispose of state property land outside the settlements. In other words, they were eliminated from the influence on the decision of StateGeoCadastré regarding provision of these lands to individuals and legal entities for the purpose of possession and usage.

To solve this problem, in the abovementioned Concept it was proposed to provide local governments with baseline authority concerning the following: building (allocation of land, granting of building permits, acceptance of buildings); determination of the material basis of local self-government property, in particular land-owned by the territorial communities of villages, settlements and the proper taxation system; providing UTC an authority to dispose of land resources within its own territory.

In order to solve the tasks defined by the Concept, the Decree of Government dated 18 June 2014 № 591 approved an action plan aimed at resolving the issues in communal ownership transferring of state-owned lands, which are located outside the settlements, except those categories prohibited by the law [27]. However, for various reasons, both subjective and objective ones, this plan was not implemented within the specified timeframes; moreover, some measures no longer corresponded to changes in the field of land relations and required modernization then.

Consequently, quite logical is the next step of the Cabinet of Ministers of Ukraine and decision-making from September 22, 2016 № 688 «Some Issues of Implementation of the Concept of Reforming Local Self-Government and Territorial Organization of Power in Ukraine» [28]. The previously issued decree is being considered to be invalid now.

The tasks were updated by the new edition of actions plan; the terms of their implementation were renewed, as well as their executives were specified. Among other things, it is already planned to develop such a draft law regarding the

amendments to some legislative acts of Ukraine concerning the extension of local self-government authorities of land resources management and strengthening the state control over the land exploitation and protection; about the principles of the administrative-territorial system on issues of local self-government institutions responsibility for making decisions that violate the Constitution and laws of Ukraine; about the status and election of a chairman; about an extension of the services list provided by the administrative service centers. There is also the conceptual elaboration of proposals for sectorial reforms in education and healthcare fields, social protection of population, carrying out the informative and explanatory work among the citizens, providing consultations and methodological assistance throughout the organization of UTC etc.

One of the main obstacles to the transformation of the land relations legal mechanism at state level is that the Constitutions of Ukraine (Article 133) defines the system of administrative and territorial structure of the State that includes Autonomous Republic of Crimea, regions, districts, cities, districts in cities, settlements and villages. That means consequently that UTC as an institutional unit is not foreseen. This and other conflicts or inconsistencies of legal provisions, which regulate the same public relations, require appropriate amendments to the Basic Law of Ukraine. It is important that they are to a certain extent a kind of guarantee of the irreversibility to reforms while changing political leadership in the country.

Legislative initiatives in the field of land relations, aimed at sustainable development of rural areas. By December 2018, two draft laws regarding the management of the territorial community's land were prepared («About amendments to certain legislative acts of Ukraine regarding local self-government authorities' extension in the field of land relations» and «About amending certain legislative acts of Ukraine regarding land resources management within the territory of the Unified Territorial Communities»).

In general, it is proposed to make changes and additions to The Constitution of Ukraine, the Land Code, the Forest Code and the Code of Administrative Offenses and to 15 Laws of Ukraine. We select only those proposals that directly regulate the issues related to the additional authorities of villages and settlement councils, UTC boards and their executive institutions in the field of land relations.

By the Land Code of Ukraine dated 25.10.2001, № 2768 [1], in particular, it is assumed, to provide rural (settlement) councils and boards of UTC and their executive authorities rights and obligations regarding:

- the disposal of state-owned land and control over the exploitation and protection of land, compliance with environmental requirements and norms of legislation concerning the land management and land relations;
- the establishment and modification of designated land on the territory of the UTC and outside the settlements;
- the transporting the of subjectivity meaning to them at acquisition and realization of property rights on state property land and land management;
- the procedure for transferring the land plots out of state property to the

communal and vice versa – from the public to the state;

- the definition of the state ownership land categories that cannot be transferred to communal property. Among them there are such land plots which contain the objects of state ownership; defense objects, which are permanently used by communal authorities, as well as enterprises, institutions, organizations; NAS of Ukraine and branch academies of sciences and others;

- the way how the land plots are transferred from villages and settlement councils to the ownership and using of UTC;

- the procedure of transferring state and public ownership land plots to the ownership of citizens and legal entities, and also processing the mechanism for directing the earnings to the corresponding budgets;

- the procedure of the seizure land plots transferred to the public property;

- the procedure for resolving land disputes considers a situation whether one of the parties is the local self-government institution, especially regarding the boundaries of land plots that are owned and used by citizens and other deals.

Terminological uncertainty of a relatively new legal relationship also prevents the transferring of state ownership land plots to the UTC. Therefore, in the laws of Ukraine «Local Self-Government in Ukraine» dated 21.05.1997, № 280 [29], «Local State Administrations» dated 09.04.1999, № 586 [30], it was proposed to determine the concept essence of «territory of a territorial community», and in the Law of Ukraine «Land Management» dated May 22, 2003, № 858, to normalize, what does represent the «boundary of a territorial community» [31].

The abovementioned bills also contain amendments and complements to the following normative acts such as concerning amendments to some laws regarding the demarcation of state and communal property lands; about lease of land; about the state control over the land using and its protection; regarding norms of the State Land Cadastre and land management; about land protection; considering the protection of the environment and about land reclamation and others.

It can be predicted that the adoption and implementation of already proposed innovations in government and parliamentary bills and future judicial practices on land legal relations, the participants of which will be villages, settlement councils, UTC boards, their executive authorities will require further improvement, as well as terminological «audit» of regulatory legal framework. The evidence of our assumptions is the data of administrative, civil and commercial court cases presented throughout the monitoring of land relations. In 2017, there were registered 1905 administrative litigations, 1541 (81 %) of which were related to land management, state expertise of land management documentation and land relations regulation, including 48.5 % are cases concerning the disposal of state land (territorial communities), transferring such land plots to the ownership and usage of citizens and legal entities. In the courts, there are also 10621 civil cases, among them in the following categories there are 10360 in regard to land relations, 173 – the termination of ownership rights to land, 88 – disputes concerning the right to use a strange land plot (servitude, emphyteusis, superficies). There are 5379 commercial cases related to

land relations brought to the courts of first instance during the year [20].

This is a confirmation of several issues: a) the imperfection of the land relations regulation mechanism; b) insufficient development of the resolving system of land disputes in pre-trial procedure; c) the incompleteness of the process regarding property rights specification, especially regarding agricultural lands; d) unprecedented, for peaceful conditions, activation of unauthorized seizure of land plots (land raids), etc.

The procedure and status of the state-owned land plots transfer to the communal ownership of the newly established UTC. In Ukraine, starting from February 1, 2018, the transferring of agricultural purpose land plots of state ownership into public ownership of UTC has already begun (Fig. 1). It is regulated by the Cabinet of Ministers of Ukraine decree dated January 31, 2018, № 60 [31]. In particular, the StateGeoCadaastre should provide:

a) formation of such land plots within the limits defined by the perspective plan of community territories formation, by conducting an appropriate inventory of land in accordance with the Land Code of Ukraine (Art. 117);

b) regarding land plots, which are exposed for land tenders, they could be transferred into communal ownership of UTC only after the publication of the land tenders results and formation of contracts for such land plots;

c) the transferring of agricultural land plots of state property into public ownership only together with controlling over such lands (exclusively through the auctions) or ownership in agreement with the UTC (by decision-taking of relevant council in accordance with the Law of Ukraine «On Local Self-Government in Ukraine» (Art. 26) [29].

According to the StateGeoCadaastre, as of October 1, 2018, 479 UTCs (72 %) received communal ownership of agricultural land outside the settlements with a total area of more than 938.7 thousand hectares. The schedule of the transferring of state-owned agricultural lands to communal property in the Zakarpattia, Ivano-Frankivsk, Kirovohrad and Cherkasy regions has been completed [33].

At the same time, the local institutions of land resources undertook the organization of work for the land plots registration and, moreover, the costs of such an inventory are compensated by the Cabinet of Ministers of Ukraine. UTCs receive properly prepared land plots, with cadastral numbers, clear limits for acceptance on the balance sheet. For its part, the StateGeoCadaastre will monitor the effectiveness of the land disposal by local authorities and the state of UTC lands use, in particular, the dynamics of rental rates will be monitored.

In total, by the end of 2018, it is planned to transfer agricultural land to other 183 UTCs. At the same time, in our opinion, a precedent has been created for possible lawsuits in violation of the legitimate interests of rural and community-based communities deprived of this right. This implies violation of the rights and freedoms of people protected by art. 21–24 of the Constitution of Ukraine. After all, the process of unification is voluntary, besides, even in the presence of communities goodwill, it was not started for various reasons, including through the so-called circumstances of

«force majeure». At the official level, it was announced that the process of association of territorial communities in Ukraine until 2020 would be completed.

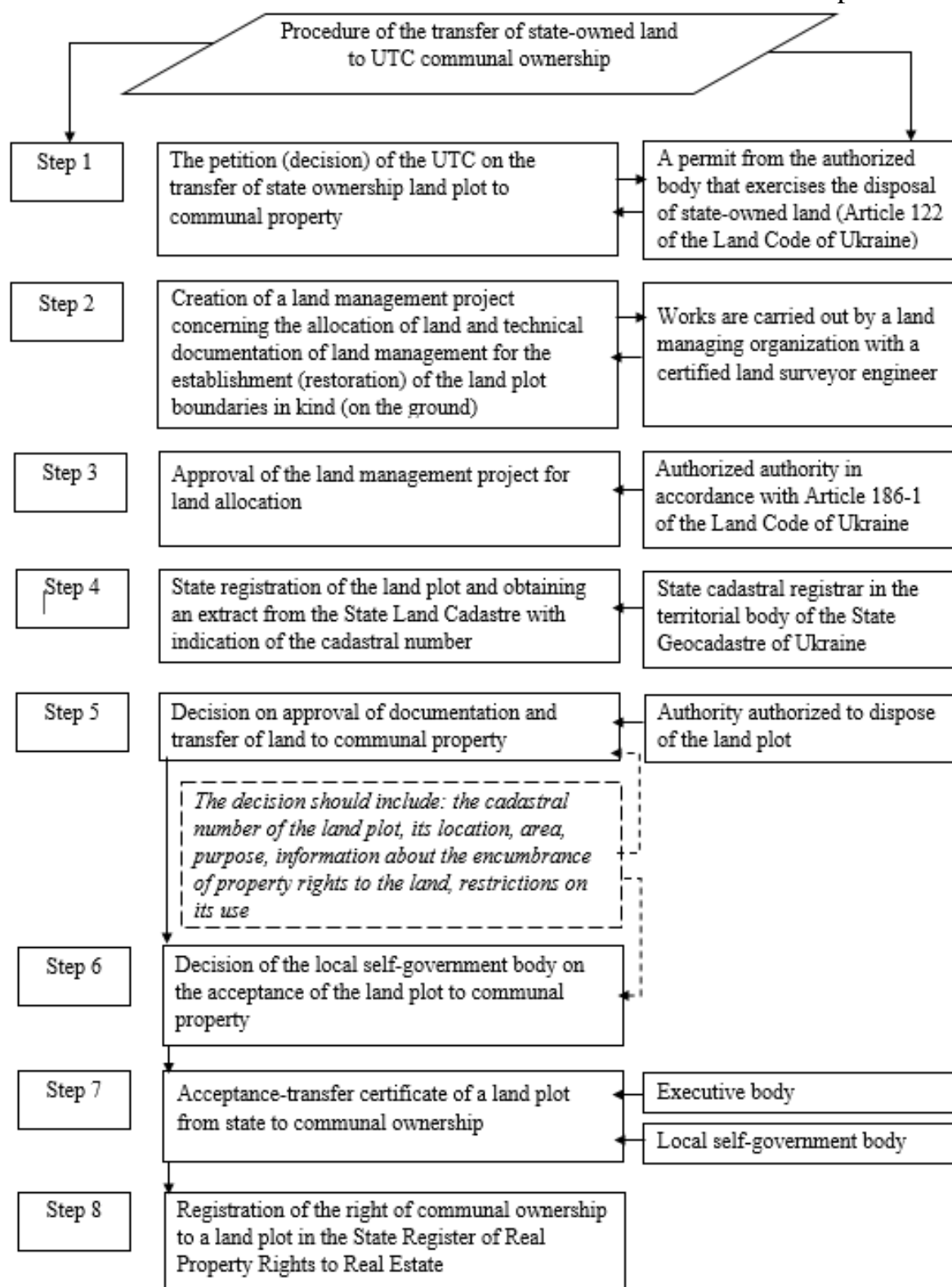


Fig. 1. Procedure for the transfer of state-owned land plots to the communal property of the united territorial communities (UTC)

Source: formed by the author on the basis of the current regulatory framework.

Administration of payments for land by local authorities. The receipt of land tax

and land rent is one of the main sources of local budgets fulfillment in order to execute the UTC's functions and responsibilities for rural residents. The amount of land payment depends on the area of available land, its normative monetary valuation and the size of the rent. If the monetary assessment is determined by the Cabinet of Ministers of Ukraine on the basis of a special methodology, and the rates of land tax with the tax code, then the rent amount for the lands of state and communal property is established on the basis of the results of land tenders (auctions).

The land tax has its own history. It was introduced by the Law of Ukraine «On Land Fee» of July 3, 1992, № 2535 [34]. Considering the subject of our study, it is expedient to dwell on it in more detail, despite the fact that from 1 January 2011 the present law has expired in accordance with the Tax Code of Ukraine dated 02.12.2010, № 2755 [35]. After all, on his example one can consider directions of transformation for the institutional and legal mechanism of land relations regulation for the whole transitional period from the administrative-planning to the socially oriented market economy in the part of observance by the state of the basic principles of ecologically sustainable development of rural territories.

Consequently, this Law (Art. 22) provided that the funds from the payment for land received on special accounts of local budgets should be used exclusively for the following needs: financing of measures for rational use and protection of land; increasing of soils fertility; conducting the state land cadastre; implementation of land management and land monitoring; creation of a land innovation fund; attention to economic incentives for land owners and land users to improve land quality and increase soil fertility; compensation of expenses incurred as a result of conservation of land. A separate rule of the law under our consideration were the fines at the rate of 100 % of the non-intended use of the sums received from the land taxation passed to the relevant budget, which should also be directed towards the financing of environmental protection measures.

These norms were reinforced by a special decree of the Supreme Council of Ukraine of June 22, 2000, № 1825 for information to the Cabinet of Ministers on the state of implementation of the Law of Ukraine «To the priority of social development of the village and agro-industrial complex in the national economy and food security of Ukraine». In particular, it was recommended to the Government «to ensure the targeted use of funds received from payment for lands, in accordance with the current legislation» [36]. However, other laws on the state budget (from 17.02.2000, № 1458 [37] and 07.12.2000, № 2120 [38]), the highest legislative authority of the country suspended the operation of art. 22 of the Law of Ukraine «On Land Fee», by channeling funds to the state budget in order to cover its deficit and other current needs not related to investments for restoration of land resources and environmental protection measures [34].

We should note that at that time there were the significant sums that were growing annually. If in 1996 the total land tax amounted to 602.9 million UAH, in 2000 – 1.4 billion UAH, then in 2001 it was already 1.6 billion UAH, or more than 2.6 times against the base period. By the average exchange rate at that time

(1 USD/5.33 UAH) it was more than 300 million USD. By the way, the indicated amount is almost equivalent to the receipt of the same tax to local budgets in 2017 – 8881.6 million UAH, but in recalculation on the average price of the dollar for this year, which was equal to 26.62 UAH.

However, the funds allocated for land protection measures were insignificant in view of the problems of environmentally safe land usage in Ukraine. For example, for the state budget in 2001, under the heading of expenditures on protection, rational use and improvement of agricultural land and land reform, 35.1 million UAH or only 2.7 % of revenues was expected from land lease payments. In fact, according to the State Treasury of Ukraine, even less was allocated to these goals – UAH 29.7 million, which is 84.6 % of the planned volume [8, pp. 130–131; 39].

We conclude that the land tax implements mainly fiscal appointments, without sufficiently stimulating and regulating functions aimed at the rational use of agricultural land and the equalization of economic conditions in various climatic zones with different levels of development of market infrastructure. Ultimately, this did not contribute to the balanced development of rural areas, since the dependence of the size of the land tax on the amount of rental income received by landowners and land users was lost. In other words, a private or legal person, receiving comparatively higher income under the same conditions of business with other contractors, may pay a lower tax to the local budget. This violates at least three principles of the taxation system – a) equality of all payers before the law, b) neutrality of taxation and c) social justice [40].

The state of observance in practice of environmental norms regarding agricultural land, provided by other legislative acts, including the Law of Ukraine on Land Conservation of 19.06.2003 № 962 [41], shows the level of their degradation due to the institutional inability of the state to ensure effective control over the proper use and protection of land, compliance with legislation in the field of environmental protection, ecologically safe use, reproduction and protection of natural resources, etc.

According to the Tax Code of Ukraine land tax is levied in the form of land tax and rent [35]. As part of financial decentralization, starting from January 1, 2015, 100 % of these payments are directed to the needs of local budgets as part of a property taxation.

Data visualization (Fig. 2) on the receipt of land tax to local budgets shows the following: a) its volume in 2017, in comparison with 2010, has almost tripled – from 3051.3 million UAH to 8881.6 million UAH; b) the growth rate of this tax from enterprises significantly outstrips the income from individuals, which in sequence gives the backgrounds for concluding that they have more significant financial participation in sustainable rural development; c) there is a steady trend to equalize the redistribution of rental income in favor of village (town) councils and councils of UTC.

The second form of land payment – is a rent, as a part of the mechanism of land relations state regulation, plays a particularly important role in the balanced

development of rural areas. Lease payments fulfill the same functions as taxes in general. They stimulate the development of various forms of land tenure and land use, which encourage higher productivity of land, labor, capital, entrepreneurial skills, scientific and technological achievements, information resources and other economic and natural factors. The regulatory function through redistribution of capital promotes rational land use, diversification of production, helps to smooth the seasonality of agriculture and the labor market of rural areas. And this, in sequence, is important for stable operation and equal income of working capital for timely payment for wage earners, payment of taxes and fees, payments for land leases, etc. Accumulation of funds on the accounts of villages, town councils and councils of UTC provides an opportunity to realize the necessary investment projects for the rural community. The financial self-sufficiency of the primary link in the system of government authorities, both from an economic and social, environmental point of view, is a key to the well-being of rural households, adherence to the principles of sustainable development of regions and the state as a whole [40].

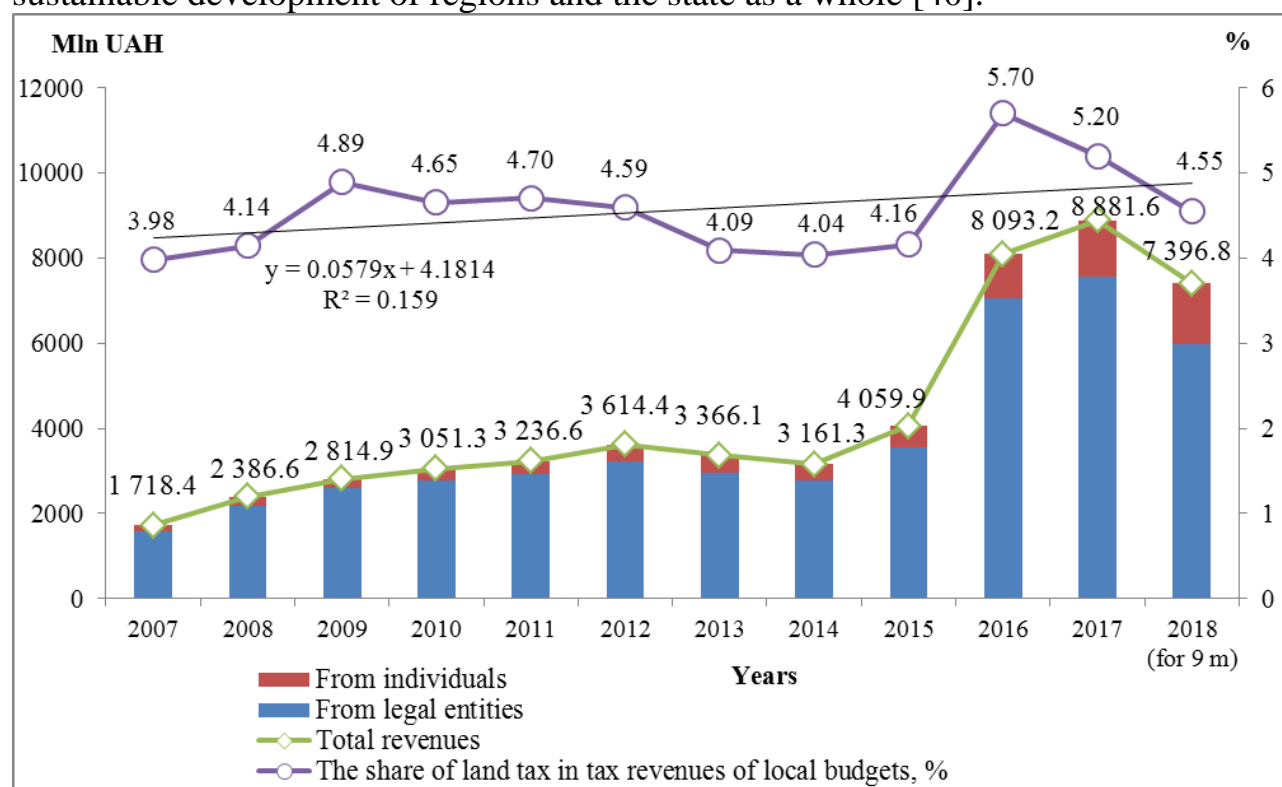


Fig. 2. Income of land tax to local budgets of Ukraine

Source: calculated by the author according to the data of the State fiscal service of Ukraine [42; 43].

It is important to emphasize the considerable reserves for lack of revenues to local budgets from the rent for land owned by the state. After all, the size of rent payments for land purchased outside the competition, as a rule, is less than 1.6 times than for the right to lease, purchased on land deals and 1.2 times compared with the lease of land shares. From a formal point of view, this is devoid of logic, since the terms of the lease agreements of state-owned land are much longer than private land shares. In addition, the average size of the leased land plots of state ownership is

almost 4 times higher. Obviously, there is an unjustified understatement of the rent amount by landlords, who reduces the financial capacity of local budgets with subsequent negative consequences for sustainable rural development.

The introduction of land tenders (auctions) eliminates the so-called «human factor». The mechanism of sales the lease rights of state-owned land on electronic land tenders has already been worked out. Thus, according to the data of the StateGeoCadastre of Ukraine, the sales number of rights to lease agricultural land of state ownership in 2017 amounted to 1,837 units the total area of 42.5 thousand hectares. In total, 2865 lots were auctioned, with an area of 66.0 thousand hectares, but 9.7 % of lots of auction results were canceled due to non-payment of funds or the refusal of the winner to conclude a lease agreement, another 26.1 % auction lots canceled by the organizer, or recognized as not occurring [40; 44].

The average size of the land plot, the right to lease on what is already sold, is 23 hectares with a coefficient of variation of 7.13 (from 11.5 hectares in the Cherkasy region to 82.0 hectares in the Zhytomyr region). The size of the rent in 2017 was 2793 UAH/ha. At the same time, the annual rent on the results of land auctions on average in Ukraine in 2017 reached 14.7 % of the normative monetary valuation (NMV) at the starting point of 7.7 %, and in 2018 already reached 19.1 % of the NMVs (Table 1). For comparison: the rent for land shares in 2017 amounted to 1093 UAH/ha, or 3.6 % of the NMV, which is less than 1700 UAH and 11.1 %, respectively.

Table 1

**Rent for agricultural land owned by state, whose lease rights are sold
out on land trades**

| Indicator | Year | | | |
|--|--------|--------|--------|---------------------|
| | 2015 | 2016 | 2017 | 2018 (11 months) |
| Starting amount of rent, UAH/ha | 799.5 | 1461.3 | 1462.5 | 1479, 2 |
| Starting amount of rent, % of NMV | 4.0 | 6.6 | 7.7 | 8.1 |
| The size of the rent according to the auction results, UAH/ha | 1377.8 | 2249.8 | 2793.4 | 3337.4 |
| incl., as a percentage of NMVs, % | 6.9 | 10.2 | 14.7 | 19.13 |
| Growth of the rent amount by the results of trades against the starting price, % | 72.3 | 53.9 | 91.0 | 126.9 |

Source: calculated according to the data of the StateGeoCadastre of Ukraine and data NSC «Institute of Agrarian Economics».

Most of the leased land of state ownership are used for commercial agricultural production (826 thousand hectares) and farms (445.8 thousand hectares), and much less for kitchen gardening, gardening and cattle breeding.

The influence of the change in the mechanisms for collecting land taxation and rent for the use of state lands to the dynamics of total revenues from land payment to local budgets and their ratio for 2012–2018 (9 months) is reflected in the table 2.

Table 2

The share of land payment in total income to local budgets and its structure

| Year | Fee for land | | The share of land payment in the revenues of local budgets | | The share of land tax in the structure of land payment | | The share of rent in the structure of the payment for land | |
|--------------------|--------------|---------------------|--|-----------------------|--|-----------------------|--|-----------------------|
| | Million UAH | Change indicator, % | % | Change in rate, p.p.* | % | Change in rate, p.p.* | % | Change in rate, p.p.* |
| 2012 | 12581.7 | 100.0 | 12.5 | 100 pp. | 28.7 | 100 pp. | 71.3 | 100 pp. |
| 2013 | 12802.9 | 101.8 | 12.2 | -0.3 | 28.7 | 0.0 | 71.3 | 0.0 |
| 2014 | 12083.9 | 96.0 | 12.2 | 0.0 | 26.3 | -2.4 | 73.7 | 2.4 |
| 2015 | 14831.5 | 117.9 | 12.2 | 0.0 | 25.2 | -1.1 | 74.8 | 1.1 |
| 2016 | 23323.7 | 185.4 | 10.0 | -2.2 | 26.3 | + 1.1 | 73.7 | -1.1 |
| 2017 | 26384.5 | 209.7 | 11.5 | +1.5 | 36.6 | + 10.3 | 63.4 | -10.3 |
| 2017 (9 months) | 19930.8 | 100.0 | 15.3 | 100 pp. | 37.0 | 100 pp. | 63.0 | -0.4 |
| 2018 (9 months) | 20437.9 | 102.5 | 12.6 | -2.7 | 36.2 | -0.8 | 63.8 | 0.8 |

Note. * percentage point.

Source: compiled by the author according to the annual reports on the implementation of the state budget for 2012–2017 [43].

Despite the increase in land payment more than in 2 times – from 12.6 billion UAH in 2012 to 26.4 billion UAH in 2017 (incl. Individuals – 13 %, legal entities – 87 %), its share in total revenues to local budgets even slightly decreased (by 1 percentage point). This was obviously due to financial decentralization, in which state support for community development and infrastructure development in 2017 amounted to 16.1 billion UAH, which is 8.8 billion UAH (2.2 times) more than in the previous year. Of these figures, 6.2 billion UAH is subventions for socio-economic development, 4.0 – subventions for the development of medicine in rural areas, 3.5 – investments of the State Fund for Regional Development, 1.5 billion UAH – for the infrastructure of the UTC. The remaining funds are directed at education, culture, physical culture, development of sectorial regional policy, etc.

A very important part of budget decentralization is the redistribution of some state-level taxes in favor of local budgets. In particular, it concerns rent payments for the extraction and use of natural resources.

Analyzing the data on the land payment structure shows an increase in the share of land tax from 28.7 % to 36.6 % (by 7.9 p.p.). Accordingly, the share of land rent decreased. Although, during the analyzed period and in the results of 2017, it dominates in the ratio of 63.4 % to 36.6 %.

For 11 months of the 2018, local budgets received 25.0 billion UAH, or 3.3 % more than during the corresponding period of last year. Of the 19 regions that provided the growth rate of land payment above the average in Ukraine, more than 10 % of the growth was achieved only in 6 regions [42].

It should be noted that according to the Ministry of Regional Development, the

share of local budgets (with transfers) in the consolidated budget of Ukraine has a steady tendency to increase. For example, in 2017, it is 51.2 % compared to 45.6 % in 2015. The share of local taxes and fees in local government revenues (general fund) also increases. In the same year, it reached 27.3 %, against 0.7 % in 2014.

Conclusions. There were revealed the main transformational directions of the land relations state regulation mechanism for the sustainable development throughout the rural areas.

1. Multifunctionality of land as a natural capital, limited resource, the main means and subject of agricultural production, living space of the population, the territory of the state, public good, source of cultural identity and mentality of the titular nation determines the extraordinary significance and importance of the legal and regulatory transformation of the land relations state regulation mechanism in order to ensure sustainable development of rural areas.

2. Currently, the regulatory field is being improved by developing a number of changes and additions to the legislative framework, which take into account real changes to the land relations system in the context of ongoing reforms related to the decentralization of authorities and the transfer of their powers and differentiation between different levels and authorities, the formation capable territorial bodies of self-governance, their executive bodies for creation of proper institutional and legal, financial prerequisites aimed at achieving European criteria and standards and quality of rural population life and political responsibility of elected officials to the community.

3. Land fee paid to local budgets in the form of land tax and lease payments plays an important role in ensuring the financial self-sufficiency of territorial self-governance bodies. After all, state-wide decentralization is essentially the centralization of educational, medical, cultural, administrative and other services in UTCs, which, on average, combine up to six rural settlements. All these require: a) changes in approaches to the administration of land taxation and rents for agricultural land in order to ensure that the tax system performs its functions and observes its fundamental principles; b) completion of work on the determination of the boundaries of the village settlement network with the development of the relevant technical documentation and incorporating the records into the State Land Cadastre; c) strengthening the state control over compliance with land and tax legislation.

The prospective direction of the investigation is the scientific and methodological support over the land relations regulation mechanism, taking into consideration the market establishment of agricultural land plots throughout the context of imperative principles of sustainable rural areas development.

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