

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB No. 402



Introduced by Rep. Roseller L. Barinaga

EXPLANATORY NOTE

The Philippines has a total land area of 30 million hectares, 47% or around 14.12 million hectares of which are classified alienable and disposable. Had these lands been utilized efficiently, agricultural productivity and food security would not be a critical problem as it is today.

A document recently released by the National Economic Development Authority (NEDA), *"The Philippine National Development Plan, Directions for the 21st Century,"* and coconut and the second to the lowest for rice. The Philippines had the lowest yields for corn and coconut and the second to the lowest for rice. The Philippines, annual average growth rate yield at 0.6 percent, was the lowest in ASEAN for the period 1986-1996.

It further showed that, according to the Food and Agriculture Organization (FAO), the Philippines posted zero average growth rate in agricultural production during the period 1981 to 1990 in sharp contrast to the annual growth rate of at least four percent (4%) for Indonesia, Malaysia, Vietnam, China, India and Pakistan during the same period. From 1991 to 1993, the Philippine agriculture sector posted a measly annual growth of 0.3 percent compared to Malaysia's 5.1%, Vietnam's 4.9% and Indonesia's 4.2%.

It is lamentable to note that for a country with so much land resources, it lags behind those with less. Filipinos, it seems, have taken for granted what classical economists are wont to say, the "original gift of nature." A trip down the country lanes would give us glimpses of large tracts of privately-owned productive agricultural lands that have remained idle and undeveloped over the years.

Several reasons have been cited to explain the continuing non-cultivation and non-utilization of these lands but two obvious factors are land speculation and land conversion. Land owners would rather have their lands remain idle than invest on inputs to the land such as fertilizers, agricultural implements, new crop varieties, and irrigation, knowing that in time, its market value would definitely doubled. Likewise they would rather seek the conversion of their lands from agricultural to residential or commercial than engage in farming and similar activities wherein they face higher risks of loss due to weather conditions.

A handwritten signature in black ink, appearing to read "Roseller L. Barinaga", written in a cursive style.

This bill seeks to increase the ceiling tax on idle lands from five percent (5%) to ten percent (10%) to give local government units (LGUs) more flexibility in its imposition. The current maximum of five percent (5%) has not proven to be a deterrent against the non-utilization of agricultural lands for productive purposes neither as a stimulant for LGUs to maximize its revenue potentials.

There are moves to nationalize the imposition of the idle land tax but at this point when LGUs are still learning the ropes of governance and self-sufficiency, it would be imprudent to take away the power to impose this tax away from them. After all, *what is the guarantee that implementation and collection of the said tax at the national level would be more effective and efficient than at the local level?*

The five percent (5%) idle tax has been in existence since the 1970s but to date, it remains, well, "idle". If we were to make the idle land tax more dynamic, let us raised it by all means but let us not deprive the LGUs the chance to partake in the "banquet".

In view of the foregoing, early approval of this Bill is earnestly sought.



ROSELLER L. BARINAGA
Representative, 2nd District
Zamboanga del Norte

THIRTEENTH CONGRESS OF THE)
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AN ACT

INCREASING THE TAX ON IDLE LANDS, AMENDING FOR THE PURPOSE, SECTION 236 OF R. A. NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 236 of Republic Act No. 7160 is hereby amended as follows:

“SEC. 236. *Additional Ad Valorem Tax on Idle Lands.* – A province or city, of a municipality within the Metropolitan Manila, may levy an annual tax on idle lands at the rate not exceeding [five] TEN percent [(5%)] (10%) of the assessed value of the property which shall be in addition to the basic real property tax.”

SEC. 2. All other acts, decrees, executive orders, rules and regulations, or part or parts thereof, inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 3. This Act shall take effect upon its publication in two (2) newspapers of general circulation.

Approved,