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Republic of the Philippines
House of Representatives
Quezon City



First Regular Session

HOUSE BILL NO.: 419

Introduced By: **HONORABLE JOSE CARLOS V. LACSON**

Explanatory Note

This bill seeks to include electric cooperative within the coverage of tax exemption privileges as provided for in the Local Government Code to certain persons or entities.

Electric cooperatives are categorized as service cooperatives. They are non-stock, non-profit organizations organized and existing under Presidential Decree No. 269, as amended. Its primary objective is to provide service to its members.

The Cooperative Development Authority (CDA) has launched a nationwide campaign on the conversion of electric cooperatives into stock cooperatives, and their registration with the CDA as required under the Republic Act (RA) No. 6938, otherwise known as the Cooperative Code of the Philippines. Cooperatives registered with the CDA enjoy certain privileges and benefits under the Local Government Code. These are exemptions from paying real property taxes and other fees that may be validly imposed by the various Local Government Units.

Failure of the electric cooperatives to be registered with the CDA means forfeiture of privileges and benefits granted them under the Cooperative Code. With the passage of the Local Government Code, the tax exemptions provided in section 193 and 234, have been withdrawn against electric cooperatives is now required to pay real property taxes and other fees imposed by the local government units concerned.

The withdrawal of tax exemption benefits has caused electric cooperatives to suffer heavy financial burdens. Since electric cooperatives are non-profit organizations, they do not have sufficient funds for the payment of real property taxes and other imports and fees. It would be the consumers who would shoulder them by increasing the power rates. The burden would be passed on to the consumers whose welfare would surely be adversely affected.

It is time that an enacting law should help alleviate the plight of the electric cooperatives by exempting them from the payment of real property taxes and other fees imposed by the Local Government Units. Granting the electric cooperatives tax exemptions will help their member-consumers effect savings thus increasing their individual productivity and purchasing power.

In view of the foregoing considerations, immediate approval of this bill is highly recommended.

JOSE CARLOS V. LACSON

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HOUSE BILL NO.: 419

Introduced By: *HONORABLE JOSE CARLOS V. LACSON*

AN ACT PROVIDING FOR THE INCLUSION OF ALL ELECTIC COOPERATIVES ORGANIZED AND EXISTING UNDER PRESIDENTIAL DECREE NO. 269, AS AMENDED, AND REGISTERED WITH THE NATIONAL ELECTRIFICATION ADMINISTRATION (NEA) WITHIN THE COVERAGE OF TAX EXEMPTION PRIVILEGES AND INCENTIVES, AMENDING FOR THE PURPOSE THE LOCAL GOVERNMENT CODE OF 1991.

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

SECTION 1. Section 193 of RA 7160, otherwise known as the Local Government Code, is hereby amended to read as follows:

Section 193 - Withdrawal of Tax Exemption Privileges. - Unless otherwise provided in this Code, tax exemptions or incentives granted to, presently enjoyed by all persons, whether natural or juridical, including government-owned or controlled corporations, except local water district, cooperatives duly registered under R.A. No. 6938, Electric Cooperatives organized and existing under Presidential Decree No. 269, as amended, and registered with the National Electrification Administration (NEA), non-stock and non-profit hospitals and educational institutions, are hereby withdrawn upon the effectivity of this Code.”

SECTION 2. Section 234 of the same act, is likewise amended to read as follows:

Section 234 - Exemptions from Real Property Tax. - The following are exempted from payment of the real property tax:

X	X	X
X	X	X

- a.) All real property owned by duly registered cooperatives as provided for under R.A. No. 6938, and by Electric Cooperatives organized and existing under P.D. No. 269 as amended, and registered with the National Electrification administration (NEA); and

X X X

X X X

SECTION 3. Nothing in this Act shall be construed, as to diminish the benefits already being enjoyed by electric cooperatives at the time of the effectivity of this Act.

SECTION 4. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,