

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 1227

Introduced by: HON. FELIX R. ALFELOR, JR.

EXPLANATORY NOTE

This bill was filed with the 12th Congress as House Bill No. 4010 with the following explanatory note:

“The coconut levies are enforced contributions levied by the State pursuant to its taxing power of the coconut farmers from 1973 through 1982. The levy collections were invested in different corporations, among others, San Miguel Corporation, United Coconut Chemical, Inc., United Coconut Planters, International, Granex Manufacturing Corporation, Legazpi Oil Co., San Pablo Manufacturing Corporation, Southern Luzon Corp., United Cocoa Planters Management, Inc., Ten Trading Companies, etc. The government and such government actions triggered legal controversy have sequestered the investments infused in these corporations. The continuing debates over the issue to whether such levy collections imposed by virtue of the taxing power of the State belong to the government or to private corporations.

The Supreme Court had the occasions to rule in the case of COCOFED, et al. vs. PCGG (178 SCRA 236) that *“the utilization and proper management of the coconut levy funds, raised as they were by the State policy and taxing powers, are certainly the concern of the Government”* and that the *“coconut levy funds are affected with public interest.”* This ruling was reiterated and clarified in the case of Republic vs. Sandiganbayan (G.R No. 96073) on the issue that the PCGG is entitled to vote the sequestered shares of stock of the United Coconut Planters Bank. The Supreme Court, in this case, ruled that the *“coconut levy funds being clearly affected with public interest, it follows that the corporations formed and organized from those funds, and all assets acquired therefrom, should also be regarded as clearly affected with public interest.”*

The Bureau of Internal Revenue, in replying to the query raised by the Philippine Coconut Authority as to the character of the coconut levy funds, relied upon the same ruling of the Supreme Court and categorically stated that, *“since the burden of the levies thereby imposed and collected were meant to be shouldered by the coconut farmers, but is in nature of a tax and therefore, are public funds that are subject to government administration and disposition.”*

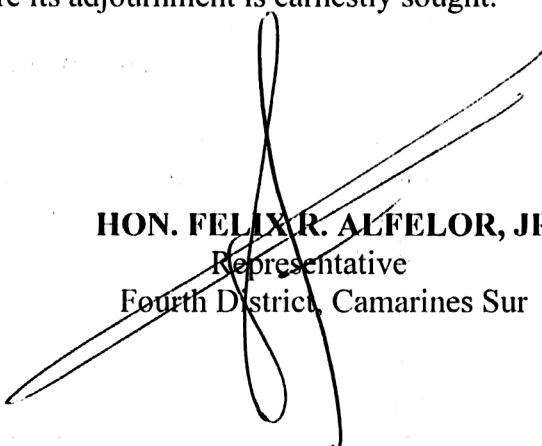
Furthermore,, the Commission on Audit (COA) likewise viewed that the coconut levy is a public fund and therefore subject to government audit.

Former President Fidel V. Ramos, relying heavily on the opinion of the COA and the BIR and bolstered by the rulings of the Supreme Court, issued Executive Order No. 277 (Series of 1995) which openly declared that the *"coconut levy funds, which includes all income, interests, proceeds or profits derived therefrom, as well as all assets, properties and shares of stocks procured or obtained with the use of such funds, shall be treated, utilized, administered and managed as public funds."*

The coconut industry is undoubtedly in grave crisis and the coconut farmers are severely affected by this serious problem besetting the industry. The government cannot afford to wait for final resolution of the case for another fifteen (15) years. It has to take a decisive stand for the great benefit of the entire Filipino nation- that is to rehabilitate the coconut industry in order to save the farmers from the quagmire of poverty now.

This bill therefore seeks to declare the coconut levy funds as public funds, which belong to the Republic of the Philippines. The funds shall be utilized to help the farmers and for the rehabilitation of the industry. It also seeks to grant the President of the Philippines the authority to order the transfer of funds to any government-owned bank or banks under the account of the Coconut Industry Rehabilitation and development Fund, which shall be administered by the President.

In view of the foregoing reasons, the approval of this bill which was filed before the 12th Congress but was not acted upon before its adjournment is earnestly sought.



HON. FELIX R. ALFELOR, JR.
Representative
Fourth District, Camarines Sur

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AN ACT
DECLARING THE COCONUT LEVY FUNDS AS PUBLIC FUNDS, CREATING
THE COCONUT INDUSTRY REHABILITATION AND DEVELOPMENT FUND
AND FOR OTHER PURPOSES

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

SEC. 1. The coconut levy funds, which include all incomes, interests, proceeds or profits derived therefrom, as well as all assets, properties and shares of stocks procured or obtained with the use of such funds, are hereby declared as public funds.

The President of the Republic of the Philippines is hereby authorized to order to transfer of and deposit the funds to any government owned bank or banks under the account of the Coconut Industry Rehabilitation and Development Fund (CIRDF) created under Section 2 of this Act.

As used in this Act, the term coconut levy funds refer to enforced contributions levied by the State on the coconut farmers pursuant to Republic Act No. 6260, Presidential Decree Nos. 276, 582, 1841 and other pertinent amendatory laws.

SEC. 2. There is hereby created a permanent fund to be known as the Coconut Industry Rehabilitation and Development Fund (CIRDF) to be administered by the President of the Republic of the Philippines and utilized for the following:

1. To rehabilitate and advance the development of the coconut industry in all its aspects; and
2. To make the coconut farmers participants in and beneficiaries of the rehabilitation, growth and development of the industry.

SEC. 3. This Act shall take effect upon its approval.

Approved,