

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

13th Congress
First Regular Session

HOUSE BILL NO. 1491

Introduced by Congressman Abayon

EXPLANATORY NOTE

The bill proposes the creation of an Agricultural Productivity Enhancement Fund in each province, city and municipality to finance various necessary support services, such as irrigation, farm-to-market roads, post-harvest equipment and facilities, research and development, agricultural extension, farm credit access, small farmer cooperatives and other agricultural infrastructure so as to: 1) achieve self-sufficiency in rice and corn; 2) expand the cattle dispersal program; 3) increase fish production; 4) self-sufficiency in livestock and dairy products; and 5) production of commercial crops.

The proposal is in pursuance to the 1987 Constitution which clearly mandates the State to promote comprehensive rural development and agrarian reform (Section 21, Article II).

Without doubt, by providing the necessary support services to enhance agricultural production is crucial to the economic development and well-being of the inhabitants in the countryside.

Agriculture, including livestock production and fishing, continues to be of prime importance in our overall, economic development program. Several factors account for this prominence. Firstly, our population is rising at a rapid rate, and maintenance of present welfare levels requires substantial increases in food production. Secondly, agriculture is the basic source of capital formation. Thirdly, agriculture is the basic source for industrial raw materials and fertile ground for import substitution. Lastly, employment and welfare levels are most depressed and thus government action is most urgent in the agricultural sector.

It has been observed that thousands of hectares of private agricultural lands are left uncultivated or idle because of plain indolence on the part of the owners or because the lands are held for speculative purposes and other reasons. If some landowners prefer to have their lands remain idle for purposes of speculation, then the government will benefit through an increase in real property tax collection. On the other hand, some landowners may not be able to shoulder the additional tax burden and thus may be constrained to cultivate, utilize or improve the land, or they may sell the same. The economy benefits therefore through an increase in our productive capacity.

It is for this reason that it is proposed in this bill that the five percent (5%) tax on idle lands and twenty-five percent (25%) of the development funds provided by the internal revenue allotments of local government units be set aside to constitute the Provincial, City and Municipal Agricultural Productivity Enhancement Fund.

In view of the foregoing, approval of the attached bill is earnestly requested.


HARLIN CAST. ABAYON



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AN ACT
CREATING AN AGRICULTURAL PRODUCTIVITY ENHANCEMENT FUND, IN
EACH PROVINCE, CITY AND MUNICIPALITY, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT
CODE.

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

SECTION 1. Creation of an Agricultural Productivity Enhancement Fund. There is
hereby created an Agricultural Productivity Enhancement Fund in each province, city and
municipality to which shall accrue a portion of the twenty percent (20%) of the annual internal
revenue allotment for development projects and of the proceeds from a tax on idle land, as
imposed in Section two of this Act.

The fund shall be used exclusively to finance various support services to enhance
agricultural production, such as irrigation, farm-to-market roads, post-harvest equipment and
facilities, research and development, agricultural extension, farm credit access, small farmer
cooperatives, and other agricultural infrastructures.

The fund shall be administered by the Provincial, City and Municipal Governments, in
coordination with each other.

SEC. 2. Source of Fund. To constitute the fund created in Section one hereof, Sections
273 and 287 of Republic Act No. 7160 are hereby amended to read as follows:

“SEC. 273. Proceeds of the Tax on Idle Lands. - The proceeds of the additional real
property tax on idle lands shall accrue to the respective AGRICULTURAL PRODUCTIVITY
ENHANCEMENT [general] fund of the province, or city where the land is located. In the case of
a municipality within the Metropolitan Manila Area, the proceeds shall accrue equally to the
Metropolitan Manila Authority and the municipality where the land is located.”

"SEC. 287. Local Development Projects. - Each local government unit shall appropriate in its annual budget no less than twenty percent (20%) of its annual internal revenue allotment for development projects. Copies of the development plans of local government units shall be furnished the Department of Interior and Local Government: PROVIDED, HOWEVER, THAT AT LEAST FIFTY PERCENT (50%) OF THE TWENTY PERCENT (20%) DEVELOPMENT FUND ALLOTTED TO PROVINCES, CITIES AND MUNICIPALITIES SHALL BE SET ASIDE ANNUALLY AND EXCLUSIVELY TO FINANCE THE CONSTRUCTION OF IRRIGATION, FARM-TO-MARKET ROADS, POST HARVEST FACILITIES, RESEARCH AND DEVELOPMENT, AGRICULTURAL EXTENSION, FARM CREDIT ACCESS, SMALL FARMER COOPERATIVES AND OTHER AGRICULTURAL INFRASTRUCTURES.

SEC. 4. Implementing guidelines and regulations shall be issued by the Department of Budget and Management in coordination with the Department of Interior and Local Government and the Department of Agriculture within a period of sixty (60) days from the effectivity of this Act.

SEC. 5. Any law, order, decree, proclamation, rules and regulations or parts thereof which are inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

SEC. 6. This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of general circulation.

Approved,