

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1763

Introduced by: **REP. PROSPERO A. PICHAY, JR.**

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 released by the National Economic Development Authority, "*The Philippine National Development Plan, Directions for the 21st Century*," revealed that compared to ASEAN countries, the Philippines had the lowest yields for corn and coconut and the second to the lowest for rice. The Philippines, annual average growth rate in rice 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 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 country lanes would give us glimpses of large tracts of privately-owned productive agricultural lands which 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 double. 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.

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 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 5% idle land 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 raise 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.

PROSPERO A. PICHAY, JR.



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AN ACT
INCREASING THE TAX ON IDLE LANDS, AMENDING FOR THE PURPOSE SECTION
236 OF REPUBLIC ACT NUMBERED SEVENTY ONE HUNDRED AND SIXTY
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,
or 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,