

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



Thirteenth Congress
First Regular Session

House Bill No. 3100

Introduced by Honorable Catalino V. Figueroa

EXPLANATORY NOTE

The Department of Tourism and its attached agency, the Philippine Tourism Authority are by law, beneficiaries of certain revenues over which they exercise exclusive control with respect to their allocation and disbursement.

The Philippine Tourism Authority, for instance, has been vested with authority to allocate and disburse the proceeds of travel taxes pursuant to Presidential Decree No. 1183 as amended by Presidential Decree No. 1867 and the proceeds of percentage tax on hotels pursuant to Presidential Decree No. 1234 on February 6, 1978, these tax proceeds administered and earmarked for the Philippine Tourism Authority are remitted to National Treasury and treated as Special Accounts in the General Fund. The amounts collected and accruing to Special Accounts in the General Fund or Fiduciary Funds are considered automatically appropriated which means that they are not integrated in the General Appropriations Act and hence excluded from congressional scrutiny.

Likewise, pursuant to Executive order No. 46 which was promulgated on 04 September 1986, the Department of Tourism through the Philippine Tourism Authority is authorized to operate duty and tax-free shops/stores in international airports and seaports all over the country and to disburse and allocate the net profits therefrom. These net profits are undeniably public funds.

Notably, all these prerogatives of the Department of Tourism with respect to the net profits from merchandising operations of duty and tax-free shops and the Philippine Tourism Authority with respect to the proceeds of certain taxes were granted through executive fiat.

This bill seeks the preservation and/or accrual to the General Fund of the proceeds of the travel tax and the percentage tax on hotels earmarked for or administered by the Philippine Tourism Authority and of the net profits from merchandising operations of duty and tax-free shops accruing to the Department of Tourism.

Section 24 of Article VI of the Constitution specifically provides that "All appropriations, revenue or tariff bills, x x x shall originate exclusively in the House of Representatives, but the Senate may propose or concur with amendments."

Also, Section 29 (1) of Article VI states that "No money shall be paid out of the Treasury except in pursuance of an appropriation made by law."

With the new Constitution already in place, it is therefore legal and constitutional anomaly for the Executive, or any of its departments, agencies and/or instrumentalities to appropriate, allocate and disburse, without legislative appropriation, such public funds. The legislative power of Congress over the purse of the Government cannot just be ignored. Public money should be expended, allocated and disbursed only after careful and sensible deliberation by the legislative assembly to obviate unnecessary, lavish or wasteful spending of public revenues.

Finally, additional revenues will be made available to finance a more pressing and priority projects of the government.

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



CATALINO V. FIGUEROA

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**AN ACT
PROVIDING THAT PROCEEDS OF THE TRAVEL TAX AND PERCENTAGE
TAX ON HOTELS EARMARKED FOR OR ADMINISTERED BY THE
PHILIPPINE TOURISM AUTHORITY, AND NET PROFITS DERIVED FROM
MERCHANDISING OPERATIONS OF DUTY AND TAX-FREE SHOPS SHALL
ACCRUE ENTIRELY TO THE UNAPPROPRIATED GENERAL FUND OF THE
NATIONAL GOVERNMENT**

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

SECTION 1. Any provision of law to the contrary notwithstanding, all receipts pertaining to the special and fiduciary funds consisting of proceeds of the travel tax and percentage tax on hotels earmarked or allocated for or administered or disbursed by the Philippine Tourism Authority, and all net profits from the merchandising operations of duty and tax-free shops accruing to the Department of Tourism shall accrue entirely to the un-appropriated General Fund of the National Government and shall only be allocated and disbursed in accordance with legislative appropriation.

SECTION 2. The Secretary of Tourism shall, within thirty (30) days after the approval of this Act, revert to the National Treasury the outstanding cash balances of the and the net profits from the merchandising operations of duty and tax-free shops. A written report of such transfer shall immediately be given by the Secretary to the President of the Philippines, the Secretary of Finance, the Secretary of Budget and Management and the Treasurer of the Philippines.

SECTION 3. The Secretary of Tourism shall turn-over the net profits from merchandising operations of duty and tax-free shops/stores to the National Treasury within two (2) months following the end of the year in which such net profits were accumulated.

SECTION 4. The Commission on Audit shall conduct quarterly audits on the operations of the duty and tax-free shops/stores, and shall submit copies of such audit reports not later than one month after such audits have been completed to both Houses of Congress.

SECTION 5. Section 3 of Executive Order No. 46 and Section 1 (e) of Presidential Decree No. 1234, and all other laws, decrees, executive orders, rules and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 6. This Act shall take effect fifteen days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved;