

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

Fourteenth Congress
Third Regular Session

HOUSE BILL NO. **2520**

Introduced by **Honorable PEDRO M. PANCHO,**
Honorable JOSELITO ANDREW R. MENDOZA, Honorable LINABELLE RUTH R.
VILLARICA and Honorable ARTURO B. ROBES

EXPLANATORY NOTE

This bill seeks to establish Treasury Crop Certificate (TCC) system in the marketing of palay, corn or other grains deposited at any authorized NFA warehouse.

For almost five (5) decades the problem in rice shortage is being felt by our agriculturally-rich country. The only solution the government has offered is to change the name of agency and replace its officials but the system is still the same.

The NFA is tasked with the stabilization of prices of grains, palay and corn. In order to provide the farmers with the highest price possible for palay, corn and other grains, the NFA needs to balance prices of grains at the lowest consumer cost possible. Such mandate requires massive capital to finance the program.

Under this proposed measure, the NFA shall issue the Treasury Crop Certificate (TCC) in favor of a farmer who deposits his crop harvest with the NFA. The farmer is paid in cash for one-half ($\frac{1}{2}$) of his stocks and in TCC for the remaining one-half ($\frac{1}{2}$). The TCC may be used by the farmer as collateral to secure a loan based on the face value of the stock or on a percentage value depending upon the discretion of the bank or he may just hold on to the TCC until its maturity date. The TCC shall be an interest-bearing instrument and shall be redeemable in cash after one hundred eighty (180) days from the time the crop is brought to the NFA warehouse. Ten (10) days before maturity of the TCC, the farmer shall inform the NFA of his intention to surrender the same to allow time for the disposal of the crop and raise the amount needed.

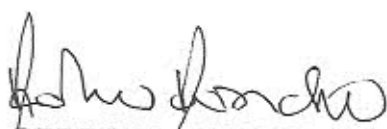
The NFA shall monetize the certificate at a pre-agreed price for the bank or the farmer, as the case may be. If the market price of the stored grains stock is higher than the NFA pre-agreed price, the farmer may request the NFA for the withdrawal and disposition of the stock to outside buyer.

If the NFA refuses to make the purchase and the grain is sold to an outside buyer, the former shall deduct the loan value and storage fees and other legal charges and the excess shall be released to the farmer.

The TCC shall likewise be available as a collateral for any loan that the farmer may secure from any bank or other lending institution. On the other hand, the bank shall make available for lending to the agrarian reform beneficiaries the unused portion of its loanable agricultural credit fund. The TCC shall be guaranteed by the national government through the Department of Finance and exempt from income taxes.

It is the mission of the State to ensure adequate support for the country's farmers engaged in the production of palay, corn and other grains especially during harvest time. Towards this end, the State shall extend assistance to farmers by creating a financial arrangement that will protect farmers in marketing their products and the NFA will double its capacity to procure grains, especially palay, without the burden of borrowing from local and foreign financial institutions.

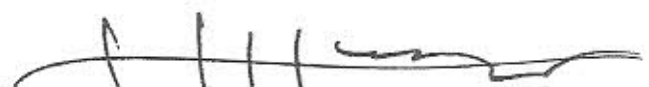
In view of the foregoing, approval of this bill is highly recommended.



Rep. PEDRO M. PANCHO
2nd District of Bulacan



Rep. LINABELLE RUTH R. VILLARICA
4th District of Bulacan



Rep. JOSELITO ANDREW R. MENDOZA
3rd District of Bulacan



Rep. ARTURO B. ROBES
Lone District of San Jose Del Monte

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AN ACT
ESTABLISHING A TREASURY CROP CERTIFICATE (TCC) SYSTEM IN THE
MARKETING OF PALAY, CORN AND OTHER GRAINS AND APPROPRIATING
FUNDS THEREFOR

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

SECTION 1. ***Short Title.*** – This Act shall be known as the “*Treasury Crop Certificate Act of 2010.*”

SEC. 2. ***Declaration of Policy.*** – It is hereby declared the policy of the State to ensure adequate support for the country’s farmers engaged in the production of palay, corn and other grains especially during harvest time. Towards this end, the State shall extend assistance to farmers by creating a financial arrangement that will protect farmers in marketing their products.

SEC. 3. ***Objectives.*** – This Act shall have the following objectives:

a) Hasten the development of financial instruments which will allow financial institutions to participate in the rural credit markets and improve farmers' access to credit resources;

b) Stabilize prices of grains at levels that will provide not only reasonable returns to farmers but also result in affordable prices for consumers; and

c) Promote grain marketing efficiencies through awareness and access to updated and upgraded post-harvest technology and services.

SEC. 4. ***Treasury Crop Certificate System.*** – There shall be established a Treasury Crop Certificate (TCC) System which shall be under the supervision of the National Food Authority and guaranteed by the National Government through the Department of Finance.

Farmers may avail of the TCC System by depositing their palay, corn or other grain produce at any National Food Authority (NFA) authorized warehouse. Farmers shall be paid in cash for fifty percent (50%) of the grains deposit and the remaining fifty percent (50%) shall be paid in TCCs.

SEC. 5. ***Redemption Period.*** – The TCC shall be redeemable after one hundred eighty (180) days from the date the grains were received by the NFA or such maturity period that the NFA may fix in consultation with the farmer-beneficiaries.

Ten (10) days before maturity of the TCC, the farmer shall inform the NFA of his intention to surrender the same to give the NFA sufficient time to dispose of the crop and raise the necessary amount for the redemption of the TCC.

SEC. 6. ***Negotiable Instrument.*** – The TCC shall bear an interest rate of a treasury bill and shall be a negotiable instrument which may be used as a collateral for any loan or debt incurred by the farmer.

SEC. 7. ***Option to Purchase.*** – The farmer shall also be given the option to purchase back the grains paid by TCCs: *Provided*, That he pays the authorized storage, handling and other fees or charges imposed by the NFA, including cost of shrinkage.

In case the farmer opts not to purchase back the grains, the NFA shall have the right to dispose of the palay, corn and other grain products in order to raise funds for the payment to the farmers. Likewise, the NFA may issue the TCC to banks for the purpose of financing its local procurement operations.

SEC. 8. ***Exemption from Tax.*** – The income derived from the TCCs shall be exempted from income tax for five (5) years from its initial issue.

SEC. 9. ***Price Reference and Product Standards.*** – The NFA shall adopt a price reference for buying palay, corn and other grains based on average prices during the lean months of the previous cropping season, and based on certain minimum product standards. The NFA shall disseminate information regarding such price reference and product standards to the farmers, farmers' cooperatives and organizations.

SEC. 10. ***Bank Collateral.*** – The TCC shall qualify as bank collateral for any loan that a farmer may secure from a bank or other lending institution. The bank, whether government or private, shall make available for lending the unused portion of its loanable agricultural credit fund.

SEC. 11. ***Implementing Rules and Regulations.*** – The Administrator of the National Food Authority shall, in coordination with the Secretaries of Finance and

Agriculture, issue the necessary rules and regulations for the effective implementation of this Act.

SEC. 12. ***Appropriation.*** – That amount needed for the initial implementation of this act shall be appropriated out of any funds in the National Treasury not otherwise appropriated. Thereafter, such sum as maybe needed for the continued implementation of the TCC system shall be included in the annual General Appropriations Act.

SEC. 13. ***Repealing Clause.*** – All laws, executive orders, decrees, rules and regulations and other issuances inconsistent with the provision of this Act are hereby repealed or modified accordingly.

SEC. 14. ***Effectivity.*** – This Act shall take effect fifteen (15) days after publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved,