

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

COMMITTEE REPORT NO. 1179

Submitted by the Committee on Agrarian Reform on 02 JUN 2011
Re: House Bill No. 4802
Recommending its approval in substitution of House Bill Nos. 1012 and 1013
Sponsors: Representatives Pryde Henry A. Teves and Florencio C. Garay

Mr. Speaker:

The Committee on Agrarian Reform to which was referred the following measures:

House Bill No. 1012, introduced by Representative Florencio C. Garay, entitled: "AN ACT INCREASING THE CASH PAYMENT GIVEN TO LANDOWNERS AS COMPENSATION FOR LANDS COVERED BY THE COMPREHENSIVE AGRARIAN REFORM PROGRAM, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6657, AS AMENDED, OTHERWISE KNOWN AS "THE COMPREHENSIVE AGRARIAN REFORM ACT OF 1988."

and House Bill No. 1013, introduced by Representatives Florencio C. Garay and Philip A. Pichay, entitled: "AN ACT PROVIDING FOR A SHORTER MATURITY PERIOD FOR LAND BANK OF THE PHILIPPINES BONDS GIVEN TO LANDOWNERS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6657, OTHERWISE KNOWN AS THE COMPREHENSIVE AGRARIAN REFORM ACT OF 1988."

has considered the same and recommends to the House that the attached House Bill No. 4802, entitled:

AN ACT
INCREASING THE CASH PAYMENT AND PROVIDING FOR A
SHORTER MATURITY PERIOD FOR BONDS GIVEN TO LANDOWNERS AS
COMPENSATION FOR LANDS COVERED BY THE COMPREHENSIVE

AGRARIAN REFORM PROGRAM, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 6657, AS AMENDED, OTHERWISE KNOWN AS "THE
COMPREHENSIVE AGRARIAN REFORM ACT OF 1988."

be approved in substitution of House Bill Nos. 1012 and 1013 with Representatives
Florencio C. Garay, Pryde Henry A. Teves, Philip A. Pichay, Salvador H. Escudero and
Agapito H. Guanlao as authors thereof.

Respectfully submitted:



PRYDE HENRY A. TEVES
Chairman
Committee on Agrarian Reform

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4802

(In Substitution to House Bill Nos. 1012 & 1013)

*Introduced by REPRESENTATIVES FLORENCIO C. GARAY
AND PHILIP A. PICHAY*

AN ACT

**INCREASING THE CASH PAYMENT GIVEN TO LANDOWNERS AS
COMPENSATION FOR LANDS COVERED BY THE COMPREHENSIVE
AGRARIAN REFORM PROGRAM, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 6657, AS AMENDED, OTHERWISE KNOWN AS
"THE COMPREHENSIVE AGRARIAN REFORM ACT OF 1988"**

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

SECTION 1. Section 18 of Republic Act No. 6657, otherwise
known as the Comprehensive Agrarian Reform Act, as amended, is
hereby further amended to read as follows:

"Section 18. *Valuation and Mode of
Compensation.* The LBP shall compensate the
landowner in such amount as may be agreed
upon by the landowner and the DAR and LBP or
as may be finally determined by the court as just
compensation for the land.

The compensation shall be paid in one of the
following modes at the option of the landowners:

1. Cash payment, under the following
terms and conditions:
 - (a) For lands above fifty (50)
hectares, insofar as the excess

hectarage is concerned -
[Twenty-five percent (25%)]
FORTY PERCENT (40%) cash,
the balance to be paid in
government financial
instruments negotiable at any
time;

(b) For lands above twenty-four
(24) hectares and up to fifty
(50) hectares - [Thirty percent
(30%)] **FIFTY PERCENT (50%)**
cash, the balance to be paid in
government financial
instruments negotiable at any
time;

(c) For lands twenty-four (24)
hectares and below - [Thirty-
five percent (35%)] **SIXTY
PERCENT (60%)** cash, the
balance to be paid in
government financial
instruments negotiable at any
time.

2. x x x;

3. x x x;

4. LBP Bonds, which shall have the
following features:

(a) [Market interest rates aligned
with 91-day treasury bill rates]
**A FIXED INTEREST RATE OF
TEN PERCENT (10%)
PER ANNUM WILL BE CHARGED
TO THE UNPAID BALANCE OF
THE PRINCIPAL AMOUNT. [Ten]
TWENTY percent [(10%)] (20%)** of
the face value of the bonds shall
mature every year from the date of
issuance until the [tenth (10th)]
FIFTH (5th) year: *Provided*, That
should the landowner choose to

forego the cash portion, whether in full or in part, he shall be paid correspondingly in LBP Bonds;

x x x

SECTION 2. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1012

Introduced by HON. FLORENCIO C. GARAY

EXPLANATORY NOTE

This bill seeks to increase the cash payment given to landowners as compensation for lands covered by Republic Act No. 6657, as amended, otherwise known as the Comprehensive Agrarian Reform Act of 1988.

Republic Act No. 6657 declares that:

"It is the policy of the State to pursue a Comprehensive Agrarian Reform Program (CARP). The welfare of the landless farmers and farm workers will receive the highest consideration to promote social justice and to move the nation towards sound rural development and industrialization, and the establishment of owner cultivatorship of economic-sized farms as the basis of Philippine agriculture.

To this end, a more equitable distribution and ownership of land, with due regard to the rights of landowners to just compensation and to the ecological needs of the nation, shall be undertaken to provide farmers and farm workers with the opportunity to enhance their dignity and improve the quality of their lives through greater productivity of agricultural lands." (Underscoring supplied.)

Under Section 18 of the same law, it appears that only a small portion of the compensation for lands surrendered to the farmers is paid in cash, to wit: 25% for lands above 50 hectares, 30% for lands above 24 hectares up to 50 hectares, and 35% for lands 24 hectares and below. As proposed, this bill increases the cash portion to 40%, 50% and 60%, respectively, so as to give the landowners a more equitable compensation for what may have been the product of his decades of hard work and savings.

In view of its national and local importance, the approval of this bill is earnestly sought.


FLORENCIO C. GARAY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1012

Introduced by HON. FLORENCIO C. GARAY

AN ACT
INCREASING THE CASH PAYMENT GIVEN TO LANDOWNERS AS
COMPENSATION FOR LANDS COVERED BY THE COMPREHENSIVE
AGRARIAN REFORM PROGRAM, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 6657, AS AMENDED, OTHERWISE KNOWN AS
"THE COMPREHENSIVE AGRARIAN REFORM ACT OF 1988"

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

SECTION 1. Section 18 of Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform Act, as amended, is hereby further amended to read as follows:

"Section 18. *Valuation and Mode of Compensation.* The LBP shall compensate the landowner in such amount as may be agreed upon by the landowner and the DAR and LBP or as may be finally determined by the court as just compensation for the land.

The compensation shall be paid in one of the following modes at the option of the landowners:

1. Cash payment, under the following terms and conditions:

- (a) For lands above fifty (50) hectares, insofar as the excess hectarage is concerned -

[Twenty-five percent (25%)]
FORTY PERCENT (40%) cash,
the balance to be paid in
government financial
instruments negotiable at any
time;

(b) For lands above twenty-four
(24) hectares and up to fifty
(50) hectares - [Thirty percent
(30%)] **FIFTY PERCENT (50%)**
cash, the balance to be paid in
government financial
instruments negotiable at any
time;

(c) For lands twenty-four (24)
hectares and below - [Thirty-
five percent (35%)] **SIXTY
PERCENT (60%)** cash, the
balance to be paid in
government financial
instruments negotiable at any
time.

x x x"

SECTION 2. This Act shall take effect fifteen (15) days after
its publication in at least two (2) national newspapers of general
circulation.

Approved,

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1013

Introduced by HON. FLORENCIO C. GARAY

EXPLANATORY NOTE

Section 2 (*Declaration of Principles and Policies*) of Republic act No. 6657, otherwise known as the Comprehensive Agrarian Reform Act of 1988, provides in part:

"The State shall provide incentives to landowners to invest the proceeds of the agrarian reform program to promote industrialization, employment and privatization of public sector enterprises. Financial instruments used as payment for lands shall contain features that shall enhance negotiability and acceptability in the marketplace."

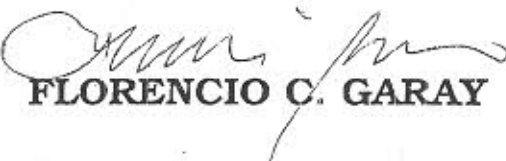
This bill seeks to shorten the maturity period of the Land Bank of the Philippines (LBP) Bonds issued to landowners as compensation for their land falling under the coverage of the Comprehensive Agrarian Reform Program.

Under RA 6657, ten percent (10%) of the face value of the LBP Bonds mature every year until the tenth (10th) year. This condition set by the law is detrimental on the part of the landowners because by the time the LBP Bonds are fully paid, the purchasing power of its cash equivalent has considerably depreciated.

This bill seeks to be fair on both the landowners and the farmer-beneficiaries. The farmers-beneficiaries will be able to acquire ownership

of the land that they till while the landowners will enjoy the value of their lands within a shorter period of time.

In view of its national and local importance, the approval of this bill is earnestly sought.


FLORENCIO C. GARAY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1013

Introduced by HON. FLORENCIO C. GARAY

AN ACT
PROVIDING FOR A SHORTER MATURITY PERIOD FOR LAND BANK
OF THE PHILIPPINES BONDS GIVEN TO LAND OWNERS, AMENDING
FOR THE PURPOSE REPUBLIC ACT NO. 6657, OTHERWISE KNOWN
AS THE COMPREHENSIVE AGRARIAN REFORM ACT OF 1988

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

SECTION 1. Section 18 of Republic Act (RA) No. 6657, otherwise known as the Comprehensive Agrarian Reform Act, is hereby amended to read as follows:

"Section 18. *Valuation and Mode of Compensation.* The LBP shall compensate the landowner in such amount as shall be agreed upon by the landowner and the DAR and LBP or as may be finally determined by the court as just compensation for the land.

The compensation shall be paid in one of the following modes at the option of the landowners:

1. x x x;
2. x x x;
3. x x x;
4. LBP Bonds, which shall have the following features:

a) Market interest rates aligned with 91-days treasury bill rates. [Ten] **TWENTY** percent [(10%)] **(20%)** of the face value of the bonds shall mature every year from the date of issuance until the [tenth (10th)] **FIFTH** (5th) year: *Provided*, That should the landowner choose to forego the cash portion, whether in full or in part, he shall be paid correspondingly in LBP Bonds;

x x x"

SECTION 2. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,

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

FACT SHEET

House Bill No. 4802

AN ACT INCREASING THE CASH PAYMENT GIVEN TO LANDOWNERS AS COMPENSATION FOR LANDS COVERED BY THE COMPREHENSIVE AGRARIAN REFORM PROGRAM, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6657, AS AMENDED, OTHERWISE KNOWN AS "THE COMPREHENSIVE AGRARIAN REFORM ACT OF 1988"

Introduced by: HONORABLE FLORENCIO C. GARAY AND PHILIP A. PICHAY

Referral: COMMITTEE ON AGRARIAN REFORM

Committee Chairperson: HONORABLE PRYDE HENRY A. TEVES

OBJECTIVE:

- To provide incentives to landowners and allow farmer-beneficiaries to acquire ownership of the land.

KEY PROVISION:

- Increases the cash portion of the payment given to landowners as follows:

<u>Percent Increase</u>	<u>Land Area</u>
40%	For lands above 50 hectares
50%	For lands 24 to 50 hectares
60%	For lands 24 hectares and below

- Shortens the maturity period of LBP Bonds from 10 years to 5 years.
- Fixes the interest rate to ten (10) per cent per annum on the unpaid balance of the principal amount of the LBP Bonds.

RELATED LAWS:

- P.D. 27, Decreeing the emancipation of tenants from the bondage of the soil;
- E.O. 228, Declaring full land ownership to qualified farmer beneficiaries covered by P.D. 27;
- E.O. 229, Providing the mechanisms for the implementation of the Comprehensive Agrarian Reform Program;
- R.A. 6657, Comprehensive Agrarian Reform Program; and
- R.A. 9700, CARPER Law

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila
15th Congress
First Regular Session

MINUTES OF THE MEETING CONDUCTED BY THE COMMITTEE ON
AGRARIAN REFORM HELD ON MARCH 16, 2011, 1:30 P.M. AT CONFERENCE
ROOMS 1 AND 2, RAMON V. MITRA BUILDING, HOUSE OF
REPRESENTATIVES, QUEZON CITY

MEMBERS PRESENT:

1. Rep. Pryde Henry A. Teves Chairman
2. Rep. Salvador H. Escudero
3. Rep. Agapito H. Guanlao
4. Rep. Philip Pichay

AUTHORS PRESENT:

1. Rep. Rufus Rodriguez House Bill No. 721

GUESTS/RESOURCE PERSONS IN ATTENDANCE:

1. Usec. Gerundio Madueno Department of Agrarian Reform
(DAR)
2. Usec. Francis Aquino DAR
3. SVP Vickie Reyes Land Bank
4. Mr. Heli Tiu Bureau of Internal Revenue
5. Mr. Arcy Garcia PAKISAMA
6. Atty. Luis Llave PMO
7. Mr. Manuel Joson SOLIDARITY
8. Atty. Hector Feliciano SOLIDARITY
9. Atty. Marwil Llasos IDEALS
10. Mr. Arnold Arrieta DARAB
11. Atty. Patricia Bell0 DARAB
12. Ms. Belle Estrada PARC
13. Deputy Administrator Ronald Ortile LRA
14. Director Nestor Floranda DAR

I. ROLL CALL

Chairman Pryde Henry Teves called the meeting to order at 1:41 P.M. Upon motion of Rep. Guanlao, the calling of the roll call was dispensed with.

II. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Rep. Guanlao, the Minutes of the previous meeting was approved as submitted.

III. APPROVAL OF THE SUBSTITUTE BILL TO HOUSE BILL NO. 721 WHICH CREATES THE NATIONAL AGRARIAN ADJUDICATION COMMISSION (NARAC)

The Chairman, Representative Teves informed the Body that after considering all the positions of the resource persons of the concerned agencies and stakeholders, the UP Law Center has finally submitted its comment on the proposed Bill.

Rep. Rufus Rodriguez, the principal author of the proposed measure mentioned that the UP Law Center's position addressed specific concerns of certain agencies to wit:

- 1) There are challenges as far as structural forms are concerned, however, it is still maintained that the creation of the NARAC will have a big impact on the disposition of agrarian cases. It is the opinion of the Law Center that the Department Secretary and Undersecretaries must not form part of the Commission to enjoy autonomy.
- 2) Agrarian reform cases will still subsist notwithstanding the deadline provided for in RA 9700, otherwise known as the CARPER Law;
- 3) PARC - Landowners' Representative Atty. Hernandez commented that NARAC should be part of the judiciary. On the contrary, the author opined that it must be a part of the executive branch since it is an independent and specialized body which is quasi-judicial in nature, hence, the jurisdiction on just compensation must be retained by them.
- 4) Conformed to the recommendations of the Civil Service on the staffing pattern.
- 5) As to procedural recommendations, direct appeals on certiorari must be filed with the Court of Appeals and providing options for Alternative Dispute Resolution is a welcome view.

Rep. Rodriguez earnestly sought for the approval of the said proposed measure since this is the third deliberation on the subject matter. Rep. Guanlao moved to adopt the proposed measure subject to style and for the inclusion of himself and Rep. Escudero as co-authors thereof.

IV. CONTINUATION OF THE DELIBERATION ON HOUSE BILL NOS. 1012 AND 1013

Usec Madueno stated that the Department of Agrarian Reform (DAR) support House Bill Nos. 1012 and 103. However, his main concern is its effect on the budgetary requirements on DAR once the cash payment as compensation for landowners is increased and the shortening of the maturity of the LBP Bonds from 10 years to 5 years is effected. He mentioned that increasing the cash payment to 40%, 50%, and 60% would require an annual budget of P73.97 billion, P92.46 billion, and P110.95 billion, respectively. On shortening the maturity of LBP Bonds from 10 years to 5 years, he said that increasing the cash payment to 40%, 50% and 60% would require a budget of P73.97 billion, P92.46 billion, and P110.95 billion, in that order.

On the budget for land acquisition and distribution (LAD), Usec Madueno said that RA7900 provided an annual budget of P30 billion until the end of the program in 2014. However, he stated that what DAR receives from the General Appropriation Act (GAA) is less than this amount. He cited that in 2011, DAR was given a budget of only P16.5 billion. He added that out of this amount, P3.8 billion was allocated for landowners compensation in 2011.

On the part of Land Bank, SVP Reyes pointed out that funding on maturing LBP Bonds will be provided by the Department of Budget and Management (DBM). On landowners' compensation, she stated that Land Bank advance the landowner claim for payments to be reimbursed later by the DBM.

Atty. Tiu of the Bureau of Internal Revenue told the body that income from the interest on LBP Bonds will be subjected to tax.

Atty. Feliciano suggested to the Body that the compensation for landowners be earmarked in the DAR's budget instead of being only a part of the land acquisition and distribution component of the budget.

The resource persons from Land Bank, Pambansang Kilusan ng mga Samahang Magsasaka (PAKISAMA), SOLIDAIT, and Initiatives for Dialogue and Empowerment through Alternative Legal Services (IDEALS) supported the passage of the measure. However, they expressed concern as to where the government will source the funds once the measure is enacted into law.

Rep. Escudero and Atty. Llasos of Initiatives for Dialogue and Empowerment through Alternative Legal Services (IDEALS) commented that a balanced agrarian reform program must consider the plight of both landowners and farmer beneficiaries.

Rep. Guanlao stated that the Special Allotment Release Order (SARO) earmarked for landowners compensation has a prescription period of two years only. After two years, any unused amount will revert back to the National Treasury. Rep. Escudero asked the Committee to write the DBM requesting that the unused P3.8 billion SARO that was

allocated for landowners compensation in 2011 be released as a manifestation of the Committee genuine concern on the plight of landowners.

The Chair requested DAR to provide the Committee the details of the agri-based Conditional Cash Transfer (CCT) arrangements being conducted in Mexico.

Rep. Guanlao moved for the approval of the substitute bill. There being no objection, the substitute bill was approved by the Body.

V. ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at 2:18 P.M.

Prepared by:

Desiree A. Barrameda
DESIREE BARRAMEDA
SLSO II

Ubaldo Gravador
UBALD GRAVADOR
SLSO II

Certified Correct:

MA. Rita F. Macabulos
MA. RITA F. MACABULOS
Committee Secretary

Noted By:

Hon. Pryde Henry Teves
HON. PRYDE HENRY TEVES
Chairman

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Mero Manila
15th Congress
First Regular session

MINUTES OF THE MEETING CONDUCTED BY THE COMMITTEE ON AGRARIAN REFORM HELD ON 02 FEBRUARY 2011, 1:30 P.M. AT CONFERENCE ROOMS 1 & 2, RAMON V. MITRA, JR. BUILDING, HOUSE OF REPRESENTATIVES, QUEZON CITY

MEMBERS PRESENT:

- | | |
|---------------------------------|-------------------|
| 1. Rep. Crescente Paez | Presiding Officer |
| 2. Rep. Ma. Rachel Arenas | Vice Chairman |
| 3. Rep. Philip Pichay | |
| 4. Rep. Agapito Guanlao | |
| 5. Rep. Florencio Garay | |
| 6. Rep. Rafael V. Mariano | |
| 7. Rep. Fernando Gonzales | |

AUTHORS PRESENT:

- | | |
|-------------------------------|--------------------------------|
| 1. Rep. Rufus Rodriguez | House Bill No. 3854 |
| 2. Rep. Florencio Garay | House Bill Nos. 1012 &
1013 |

GUESTS/RESOURCE PERSONS IN ATTENDANCE:

- | | |
|-----------------------------------|--|
| 1. Usec Gerundio Madueno | Department of Agrarian
Reform (DAR) |
| 2. Usec Rosalinda Bistoyong | DAR |
| 3. Director Nestor Floranda | DAR |
| 4. Asec. Teresita Domingo | Department of Justice |
| 5. SVP Vicky Reyes | Land Bank of the Phils. (LBP) |
| 6. Mr. Ramon Castro | LBP |
| 7. Atty. Lyndon Castanos | Department of the Interior
and Local Government |
| 8. Atty. John Raimier Camba | Bureau of Internal
Revenue |
| 9. Mr. Ronald Ortile | Land Registration
Authority |
| 10. Mr. Allan Barcena | Land Management Bureau |
| 11. Mr. Manuel Joson | SOLIDARITY |
| 12. Atty. Hector Feliciano | SOLIDARITY |
| 13. Mr. Silverio Berenguer | CAP |
| 14. Mr. Willy Marbella | KMP |

I. ROLL CALL/ROLL CALL

The Presiding Officer Crescente Paez called the meeting to order at 1:38 P.M. Upon motion of Rep. Pichay which was duly seconded, the calling of the roll was dispensed with.

II. APPROVAL OF MINUTES OF PREVIOUS MEETING

Upon motion of Rep. Pichay which was duly seconded, the Minutes of the previous meeting was approved as submitted.

III. OPENING REMARKS OF THE CHAIRMAN

Presiding Officer Crescente Paez stated that the meeting is about compensation for landowners. As provided in Article III, Section 9 of the 1987 Constitution, landowners have the right to be paid just compensation for their landholdings acquired by the government for distribution to agrarian reform beneficiaries. They also have the right to equality in the enjoyment of similar rights and privileges granted by law. He mentioned that the Committee will deliberate on House Bills Nos. 1012, 1013, and 3854. House Bill No. 1012, authored by Rep. Florencio Garay, aims to increase the percentage of cash payment given to landowners as compensation for lands covered by CARP; House Bill No. 1013, authored by Rep. Florencio Garay, seeks to provide for a shorter maturity period for LBP bonds given to landowners; and House Bill No. 3854, authored by Rep. Rufus Rodriguez and Maximo Rodreguez, Jr., proposes to exempt from payment of estate taxes agricultural lands under agrarian reform laws provided that the original landowner whose lands were covered die prior the full payment by the government of just compensation.

IV. SPONSORSHIP REMARKS OF THE AUTHORS

Rep. Florencio Garay, author of House Bill Nos. 1012 and 1013, said that House Bill No. 1012 seeks to give the landowners more equitable compensation for the product of decade of hard work by increasing the percentage of cash payments from 25% to 40% for lands above 50 hectares, from 30% to 50% for lands above 24 hectares up to 50 hectares, and from 35% to 60% for lands 24 hectares and below. On the other hand, he stated that House Bill No. 1103 seeks to shorten the maturity period of the Land Bank of the Philippines (LBP) Bonds issue to landowners as compensation for their land under the coverage of the Comprehensive Agrarian Reform Program.

Rep. Rufus B. Rodriguez, author of House Bill No. 3854, articulated that payments of just compensation due to the landowners have been delayed because of administrative matters, documentation requirements, land valuation, among others. There had been incidents when the landowners have passed away without receiving just compensation leaving behind their families who face the difficulty of paying estate taxes which at times exceed the amount of compensation offered for their properties.

While the transfer of agricultural property taken by the government for land reform purposes is already exempted from the payment of capital gain taxes, there is likewise a compelling necessity to exempt the same from estate taxes should the original landowner dies without being paid just compensation.

V. INITIAL DELIBERATION OF HOUSE BILLS NOS. 1102, 1103, AND 3854

Rep. Garay stated that he filed House Bill No. 1012 because of the many complaints he received from landowners on the delay of payments for just compensation. On the other hand, shortening the maturity period of the Land Bank Bonds under House Bill No. 1013 from 10 years to 5 years will encourage landowners to invest in any enterprise that will spur industrialization.

Usec Madueno stated that DAR support House Bill Nos. 1012 and 1013. However, his main concern is the effect on the budgetary requirements on DAR once the cash payment as compensation for landowners is increased and the shortening of the maturity of the LBP Bonds from 10 years to 5 years is effected. He mentioned that the land acquisition and distribution (LAD) component under R.A. 7900 should be provided with a budget of P30 billion annually until the end of the program in 2014. But what DAR receives from the General Appropriation Act (GAA) is less than this amount. As a result the DAR target on LAD was not achieved in 2010. The same might happen once the two measures are enacted into law.

Rep. Pichay opined that increasing the percentage of cash payment as compensation for lands covered by CARP is logical in order to give the landowner a more equitable compensation for decades of work of making the land productive.

Atty. Felciano supported the two measures. However, he has reservation on where the government will get the money for Land Bank has admitted that the Agrarian Reform Fund (ARF) has been depleted by several billion pesos. The ARF is the only source of payments by Land Bank to landowners for lands taken by the government under agrarian reform.

In reply to the query of Rep. Pichay, Usec Madueno stated that under RA 9700 there is no more voluntary offer to sell but only compulsory LAD. Under RA 9700, DAR's target on LAD for the duration of the program is 890,000 hectares of land. For 2011, the LAD target is 200,000 hectares and the funds that will be used will come from 2011 GAA. DAR was given a budget of P3.9 billion for 2011 and the government agency that will release this money is the Department of Budget and Management (DBM).

In response to the query of Rep. Guanlao, Usec Madueno stated that the 2011 DAR budget of P3.9 billion does not cover the increase in budgetary requirements once the percentage of cash payment to landowners is increased and the shortening of the maturity period of the LBP Bonds from 10 years to 5 years is effected.

SVP Reyes mentioned that the Agrarian Reform Fund deposited with Land Bank totaled P1.2 billion as of December 31, 2010. She also stated that Land Bank made advance payments to landowners in case the Bank loses a dispute in court. The Bank, however, get reimbursement from DBM on its advance payments.

In reply to the query of Rep. Padilla, SVP Reyes said that once Land Bank approved the claims for payments, a cash portion is deposited in the name of each landowner. Then, the Bank earmark the bond portion to the landowner and the running of the 10 year period starts on the day of the approval of the bond.

Rep. Pichay recommended that the interest on LBP Bonds on House Bill No. 1013 be based on prevailing cost of money which range from 8% to 15% per annum.

Rep. Padilla recommended the consolidation of House Bills Nos. 1012 and 1013 with consultation with the Reference and Research Bureau and the submission of cash flow pertaining to the budgetary requirements of the two measures by the Department of Agrarian Reform and the Land Bank of the Philippines.

Usee Madueno of DAR, SVP Reyes of Land Bank and Asec Teresita Domingo of DOJ expressed their support for the passage of House Bill No. 3854.

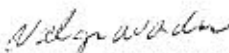
Rep. Padilla moved for the approval of the measure since it is fair and just and does not have any budgetary implications. Thereafter, the body approved House Bill No. 3854 in toto subject to style.

The Presiding Officer, Rep. Crescente Pacz, directed the Technical Staff to prepare the Committee Report for House Bill No. 3854.

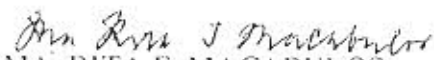
VI ADJOURNMENT

There being no other matters to be discussed, the meeting was adjourned at 3:03 P.M.

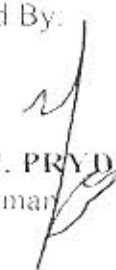
Prepared by:


UBALDO GRAVADOR
SLSO II

Certified Correct:


MA. RITA F. MACABULOS
Committee Secretary

Noted By:


HON. PRYDE HENRY TEVES
Chairman