

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

15th Congress
Second Regular Session

House Bill No. 5736



Introduced by **HON. FERDINAND MARTIN G. ROMUALDEZ**

Explanatory Note

Environmental problems in the Philippines are multi-faceted, forest denudation, destruction of marine life, loss of soil fertility, urban air and water pollution, and inadequate wastes disposal system are environmental problems that rob us and the future generations of a clean and health environment.

The continuous degradation of our environment is somehow a result of government neglect. The Department of Environment and Natural Resources, while attending to problems concerning our forests and natural resources, has neglected the environment. We do not even have concrete standards on air, water and land quality. More so, we lack strategies and action plans to safeguard public health against poor environmental quality. What this nation therefore need is a separate government entity which will focus on environmental concerns such as air and water pollution, solid and toxic waste, hazardous substances and public health.

The Bill therefore proposed the creation of National Environmental Management Authority (NEMA) an environmental watchdog which shall be responsible for the conservation of the country's environment and sources, regulation of environmental impact occasioned by human activities and control and abatement of environmental pollution.

The primary powers of NEMA, as envisioned in this legislative measure, shall include among others, the following:

- The formulation of an integrated policy approach to natural resources and environmental conservation;
- The formulation and implementation of comprehensive and continuing conservation and environmental protection strategies and action plans;
- The formulation and enforcement of environmental quality standards for water, air, land, noise, radiation and the prescription of rules and regulations for pollution control and environmental conservation;
- The deputation of appropriate government agencies or instrumentalities and establishing fields offices in various administrative and autonomous regions of the country for the purpose of enforcing the Act; and
- The promotion of PO's and NGO's and private sector's active participation in conservation of the natural resources and protecting the environment.

The proposed NEMA shall provide the lead role in enhancing environmental quality. In view of the importance of this institutional reform, early approval of this Bill is hereby requested.


CONG. FERDINAND MARTIN G. ROMUALDEZ

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AN ACT
CREATING THE NATIONAL ENVIRONMENTAL MANAGEMENT AUTHORITY DEFINING ITS POWERS, FUNCTIONS AND RESPONSIBILITIES, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

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

Chapter I
General Provisions

Section 1. Title. – This Act shall be known as the National Environmental Management Authority (NEMA) Act.

Section 2. Declaration of Policy. – It is the policy of the State to protect and advance the right of the people to a balanced ecology and a wholesome and healthy environment. Toward this end, the State shall create an agency mandated to adopt and implement plans, programs, projects and activities which shall ensure protection of the environment against pollution and other impacts occasioned by man's activities.

Chapter II
National Environmental Management Authority

Section 3. Creation of the National Environmental Management Authority. – To implement the policy enunciated in this Act, there is hereby created a non-stock, non-profit body corporate to be known as the National Environmental Management Authority, hereinafter referred to as the Authority, which shall be created within One hundred twenty (120) days after the effectivity of this Act. The Authority shall be under the general supervision of the Office of the President.

Section 4. Purposes and Duties of the Authority. – In pursuit of its mandate, the Authority shall have the following general purposes and duties:

- (a) Formulate and implement an integrated approach to the improvement of the country's environment quality;
- (b) Develop and implement a comprehensive, multi-year plan for environmental protection and pollution control that shall form part of the National Economic and Development Authority's national development plan;

- (c) Evolve an integrated, multi-sectoral and multi-disciplinary national conservation strategy which shall focus on the critical life-support systems;
- (d) Implement the Environmental Impact Assessment (EIA) System under Presidential Decree No. 1586;
- (e) Formulate and enforce environmental quality standards for water, air, land, noise, radiation, etc;
- (f) Promulgate and prescribe policies, rules and regulations for the control of water, air and land pollution, and the proper disposal of solid wastes, as well as toxic and hazardous substances;
- (g) Develop and undertake an integrated research program pertaining to environmental protection, pollution prevention, control and management;
- (h) Monitor and evaluate the implementation of all laws relating to the regulation and control of activities that have an impact on the maintenance of a wholesome natural environment, undertake or recommend necessary measures thereon;
- (i) Design, establish and implement a combined system of natural resources fees, pollution charges, fines and penalties linked to an operating principle that the user or polluter shall bear responsibility for payment, and creating the necessary incentives to abate, reduce, neutralize, recycle, re-use or otherwise minimize or prevent pollution;
- (j) Develop a cost-effective environmental information system to support research and information dissemination campaigns;
- (k) Prepare annual environmental status reports to be submitted to the President and Congress;
- (l) Conduct information dissemination, education and training programs relating to environmental protection, pollution prevention, control and management;
- (m) Promote cooperation and encourage greater people participation and private initiative in environmental protection, pollution prevention, control and management;
- (n) Organize the most appropriate implementing mechanism relative to the performance of its mandated powers and functions;
- (o) Adopt, prescribe and promulgate rules and regulations governing the procedures of the Authority with respect to hearings, the filing of reports, the issuance and/or review of all permits and other rules and regulations for the proper implementation and enforcement of this Act;
- (p) Consult or seek assistance from appropriate agencies or instrumentalities for the purpose of enforcing this Act; and
- (q) Deputize or request the assistance of appropriate government agencies or instrumentalities for the purpose of enforcing this Act and its implementing rules and regulations as well as the orders and decisions of the Authority.

Section 5. General Corporate Powers of the Authority. – The Authority shall have the following powers:

1. To have continuous succession under its corporate name until expiration hereunder or otherwise provided by law;
2. To prescribe its by-laws not inconsistent with this Act;
3. To adopt a seal and alter it at its pleasure, which shall be accorded judicial notices;
4. To sue and be sued;
5. To enter into contracts;
6. To lease or own real or personal property and to sell or otherwise dispose of the same; and

- 7 To do and perform any and all things that may be necessary or proper carry out the purpose of this Act

Section 6. Place of Business. – The Authority shall establish its principal office in Metro Manila but may establish and maintain field offices, branches, subsidiaries, or other units as may be necessary to administer its responsibilities. It may reorganize or abolish the same as it may deem proper. *Provided*, that there shall be at least one branch in every administrative region of the country.

Chapter III Financing

Section 7. Capitalization and Financing. – The capital of the NEMA shall be One billion pesos (Php1,000,000,000.00), to be fully subscribed by the Government of the Republic, hereafter referred to as the Government, Two hundred million (Php200,000,000.00) of which shall be fully paid for by the Government upon the effectivity for this Act and the balance to be paid for within a period of five (5) years from the effectivity of this Act, in such manner and form as the Government, through the Secretaries of Finance and Budget and Management may thereafter recommend for appropriation

Section 8. Loans, Credits and Other Forms of Indebtedness. – The Authority may contract loans, credits and other forms of indebtedness when essential to the proper administration of its corporate affairs or necessary for the proper transaction of its business or to carry out its purpose.

Section 9. Bonds and Other Long-Term Securities. – Subject to the rules and regulations of the Bangko Sentral ng Pilipinas and the Securities and Exchange Commission, the Authority is hereby authorized to issue bonds, debentures, securities, collaterals, notes and other obligations to finance self-liquidation projects.

Section 10. Exemption from Taxes. – The Authority shall be exempt from all taxes, licenses, fees and duties, incidental to its operations. This exemption shall extend to its subsidiaries. All notes, bonds, debentures and other obligations issued by the Authority shall be exempt from all taxes both as to the principal and interest

Any donation, contribution, bequest, subsidy or financial aid which may be made to the Authority shall be exempt from estate or gift taxes, subject to the conditions provided under the National Internal Revenue Code, as amended.

Section 11. Regulatory Fees. – The Authority may impose reasonable fees for the issuance of permits and for periodic monitoring and inspection of pollution control or waste collection, processing or disposal facilities.

Section 12. Compromise Agreement. – The Authority may compromise, condone, or release in whole or in part, any claim of or settled liability to the NEMA, regardless of amount involved, under such terms and conditions as may be prescribed by the Board of Trustees to protect the interest of the Authority.

Chapter IV Organization

Section 13. Board of Trustees. – The corporate powers shall be exercised, all business conducted and all property of the Authority controlled and held by the Board of Trustees to be appointed by the President

The Board of Trustees shall be composed of the following members:

- a) Director General of the Authority. Chairman
- b) Secretary of Health;
- c) Director General of the National Economic Development Authority;
- d) Secretary of Labor;
- e) Secretary of DENR;
- f) Ten (10) members representing the following sectors:
 - (1) Three (3) from industry;
 - (2) Three (3) from environmental non-government organization or people's organizations;
 - (3) Two (2) from the academe or professional groups involved in environmental protection, and
 - (4) Two (2) from the labor sector.

The private sector representatives shall be appointed by the President from among the recommendees of the respective sectors.

Section 14. Organization – The Authority shall be organized as follows:

- (1) Office of the Director General;
- (2) Office of the Deputy Director General;
- (3) Administrative and Finance Division;
- (4) Public Affairs Division;
- (5) Legal Division; and
- (6) Environmental Adjudication Commission.

The Staff offices shall be follows:

- 1) Environmental Planning Office.
- 2) Environmental Research Office
- 3) Environmental and Management Information System Office;
- 4) Environmental Education and Training Office; and
- 5) Environment Regulations Office.

Section 15. Director General. – The authority and responsibility for the implementation of the Authority's mandate shall be vested in the Director General for Environmental Management. He shall be appointed by the President of the Philippines with the consent of the Commission on Appointment, and shall enjoy the status, rank and compensation equivalent to that of a cabinet secretary.

Chapter V

Environmental Adjudication Commission

Section 16. Environmental Adjudication Commission. – The Pollution Adjudication Board (PAB) created under Executive Order No. 192 shall be transferred and attached to the NEMA, but only for program and policy coordination. The PAB shall be recognized into the Environmental Adjudication Commission (EAC) in accordance with this Chapter.

Section 17. General Jurisdiction – The EAC, with a regional structure as herein provided, shall have original and exclusive jurisdiction to decide cases under RA Nos. 8749, 6969 and 9003, (the Clean Water Act), Presidential Decree No. 1586, and other special laws on pollution.

Section 18. Composition of the Environmental Adjudication Commission. – The EAC shall be composed of the following:

- a) Director General of the Authority – Chairman;
- b) Deputy Director General;
- c) Director of the Environmental Regulation Office;
- d) Director of the Environmental Research Office;
- e) Chief of the Legal Division; and
- f) Ten (10) members representing the following sectors:
 - (1) Three (3) from industry;
 - (2) Three (3) from environmental non-government organizations or people's organization;
 - (3) Two (2) from the academe or professional groups involved in environmental protection; and
 - (4) Two (2) from the labor sector.

The private sector representatives shall be chosen by the President from a list of nominees submitted by the respective sectors and endorsed by the Director General.

Upon assumption into office, the members nominated by the sector shall divest themselves of any affiliation with the association they belong.

Section 19. Procedure in the EAC – The Commission may sit *en banc* or in five divisions, each composed of three members. The Commission shall sit *en banc* only for purposes of promulgating rules and regulations governing the hearing and disposition of cases any of its divisions and regional branches and formulating policies affecting its administration and operations. The Commission shall exercise its adjudicatory and other powers, functions and duties through its division. Of the five divisions, the First and Second shall handle cases coming from the National Capital Region and the Third, Fourth and Fifth divisions, cases from other parts of Luzon, Visayas and Mindanao.

The concurrence of two (2) Commissioners of a division shall be necessary for the pronouncement of a judgment or resolution. Whenever the required membership in a division is not complete and concurrence of two (2) Commissioners to arrive at a judgment or resolution cannot be obtained, the Chairman, shall designate a number of additional Commissioners from the other divisions as may be necessary.

The conclusions of a division on any case submitted to it for decision shall be reached in consultation before the case is assigned to a member for the writing of the opinion. It shall be mandatory for the division to meet for purposes of consultation ordained herein. A certification to this effect signed by the Presiding Commissioner of the division shall be issued and a copy thereof attached to the record of the case and served upon the parties.

The Chairman shall be the Presiding Commissioner of the first division and the four (4) other members from the public sector shall be the Presiding Commissioner of the second, third, fourth and fifth divisions, respectively. In case of the effective absence or incapacity of the Chairman, the Presiding Commissioner of the second division shall be Acting Chairman.

The Chairman, aided by the Executive Clerk of the Commission, shall have administrative supervision over the Commission and its regional branches and all its personnel, including the Executive Environmental Arbiters and Environmental Arbiters.

The Commission, when sitting *en banc*, shall be assisted by the same Executive Clerk and when acting through its Divisions, by said Executive Clerk for its Divisions, by said Executive Clerk for the first Division and four (4) other Deputy Executive Clerks for the second, third, fourth and fifth divisions, respectively, in the performance of such similar or equivalent functions and duties as are discharged by the Clerk of Court and Deputy Clerks of Court of the Court of Appeals.

Section 20. Headquarters, Branches and Provincial Extension Units. – The Commission and its First, Second and Third Divisions shall have their main offices in Metropolitan Manila, and the Fourth and Five Divisions in the cities of Cebu and Cagayan de Oro, respectively. The Commission shall establish as many regional branches as there are regional offices of the Authority, sub-regional branches or provincial extension units. There shall be as many Environmental Arbiters as may be necessary for the effective and efficient operation of the Commission. Each regional branch shall be headed by an Executive Environmental Arbiter.

Section 21. Powers and Functions of the Environmental Adjudication Commissions. – The EAC shall have the following powers and functions:

- a) Hear and decide all cases falling within its original jurisdiction;
- b) Issue orders and decisions to compel compliance with this Act, related environmental and pollution control laws and their implementing rules and regulations;
- c) Make, alter or modify orders requiring the discontinuance of environmental degradation or pollution specifying the conditions and the time within which such discontinuance must be accomplished;
- d) Serve as arbiter for the determination of reparations or restitution of the damages and losses resulting from environmental degradation or pollution;
- e) Deputize in writing or request assistance of appropriate government agencies or instrumentalities for the purpose of enforcing its decisions;
- f) Issue an *ex parte* order directing the discontinuance of pollution or wastes, or the temporary suspension or cessation of operation of the equipment, project or activity and other acts causing environmental degradation, generating such pollutants or wastes, without the necessity of a previous public hearing. *Provided*, that such *ex parte* order shall be issued only in case of imminent danger to life or property.

The *ex parte* order shall be immediately executory and shall be effective for thirty (30) days from the date of issuance. The EAC shall immediately conduct a hearing to determine whether or not to issue a temporary lifting or temporary closure (cease and desist) order pending compliance with environmental and pending compliance with the requirements of laws and regulations. *Ex parte* orders may be lifted pending compliance with the compliance of laws and regulations. *Provided, further*, that the respondent shall submit: a) a commitment or undertaking under oath to comply with the standards and discontinue the pollutive discharges within a specific period of time; b) a bond, guarantee or surety to ensure compliance; and c) a detailed good process of installing permanent pollution control devices, measures and processes. *Provided, finally*, that no lifting of issued *Ex Parte* Closures and Cease and Desist Orders may be issued if the pollutants being discharged are classified as toxic and hazardous; and

g) Exercise such powers and perform such other functions as may be necessary to carry out its duties and responsibilities under this Act.

Section 22. Qualifications of Members of the EAC. – A member of the EAC must be a citizen of the Philippines and must possess proven competence in field related to environmental protection. The Environmental Arbiters shall be Members of the Philippine bar and must have been engaged in the practice of law in the Philippines for at least seven (7) years, with at least three (3) years experience or exposure in the field of natural resources or environmental law.

Section 23. Tenure and Removal of Members – The Chairman and the other Commissioners, the Executive Environmental Arbiters and Environmental Arbiters shall hold office in good behavior until they reach the age of sixty-five years, unless sooner removed for caused as provided by law or become incapacitated to discharge the duties of their office.

Members from the private sector shall serve for three (3) years.

A member of the EAC may be removed from office, by the order of the proper court, on any of the following grounds:

- a) Culpable violation of the Constitution;
- b) Dishonesty, oppression, misconduct in office, dereliction of duty, or gross negligence;
- c) Commission of any offense involving moral turpitude or an offense punishable by imprisonment; and
- d) Unauthorized absence for three (3) consecutive meetings.

Section 24. Meetings and honoraria. – The EACs shall meet at least four (4) times a month. Each member shall receive an honorarium of at least One thousand pesos (P1 000.00) per meeting attended. Honoraria shall be sourced from the funds of the Authority and the rates for honoraria may be increased through a resolution of the Authority's Board of Trustees.

Section 25. The Laguna Lake Authority (LLDA) as a Special EAC. – The LLDA shall exercise the same powers and functions and follow the same rules of procedure as a Special EAC Division within its territorial jurisdiction under Executive Order No. 927, until such time that it shall have been dissolved, in accordance with Sec. 41

hereof. Thereafter, all conflicts shall fall under the jurisdiction of the proper EAC division.

Section 26. Filing of Actions. – Any person may file a written complaint, under oath, with the EAC against any person who has violated laws under the EAC's jurisdiction. Provided, that no complaints shall be entertained three (3) years after the occurrence of discovery of the incident complained of. Provided, further, that when it is found that the action filed is baseless and malicious, he shall be fined an amount of not exceeding One hundred thousand pesos (P100,000.00).

Section 27. Administrative Fines and Penalties. – The EAC may impose an administrative fine of from Fifty thousand pesos (P50,000.00) to not more than One million pesos (1,000,000.000.00) for each violation of emission or effluent standards, and Fifty thousand pesos (P50,000.00) for other violations. Provided, that in all cases where the violations of emissions or effluent standards is continuing, the penalty shall be imposed for every day that the discharge continues.

Section 28. Appeals. – Any decision, order or judgment of the EAC shall become final and executory fifteen (15) days after receipt of said decision, order or judgment.

The decision or order of the EAC may be reviewed by the Supreme Court on Certiorari provided for under the Rule of Court.

Section 29. Execution of Decisions. – All decisions or orders of the EAC after the same has become final and executory, shall be enforced and executed in the same manner as the decisions of the Regional Trial Courts. The Commission shall have the power to issue to the City of Provincial Sheriff or duly constituted authorities whom it may appoint, such writs of execution as may be necessary for the enforcement of such decision or order.

The EAC shall have the power to seize or confiscate personal property, or impose a levy on real property of the violator to satisfy the fines owing to it. Such property shall be sold at public auction by the Sheriff.

Any person who shall fail or refuse to comply with such decision, order or writ, after being required to do so shall, upon application by the EAC, be punished by the proper court for indirect contempt.

Section 30. Lien Upon Personal and Immovable Properties of Violators. – Fines and penalties imposed pursuant to the provisions of this Act, upon application by the EAC before the proper Regional Trial Court, shall constitute as a lien upon personal and immovable properties of the violator. Such lien shall in case of insolvency of respondent, enjoy preference subsequent to labor's wages under Article 2241 and 2242 of Republic Act 386, otherwise known as the New Civil Code.

Chapter VI

Staff and Field Offices

Section 31. Environmental Planning Office. – The Environmental Planning Office, which shall be headed by a Director and assisted by an Assistant Director, shall absorb the planning functions of the Environmental Management Bureau (EMB) of the Department of Environment and Natural Resources (DENR). As such, it shall have the following functions:

(1) Formulate comprehensive, multi-year action plans for natural resource conservation, environmental protection and pollution control to be endorsed to NEDA for adoption into the national development plan;

(2) Coordinate the implementation by the public and private sectors of the NEDA-adopted multi-year plan for natural resource conservations, environmental protection and pollution control;

(3) Review, analyze and evaluate existing as well as proposed environmental protection and pollution control policies, plans, programs and projects;

(4) Prepare an annual environmental quality status report to be submitted to the President and to Congress;

(5) Conduct post-audit studies of environmental impact assessment prepared in accordance with Presidential Decree no. 1586;

(6) Provide planning support services to the field offices of the Authority in order to ensure their efficient and effective operation; and

(7) Perform such other functions as may be assigned by the Director General.

Section 32. Environmental Research Office. – The Environmental Research Office, which shall be headed by a Director and assisted by an Assistant Director, shall absorb the environment research functions of the EMB of the DENR. As such, the Office shall have the following functions:

(1) Formulate and recommend to the Authority environmental quality standards (for water, air, land, noise, radiation, etc.) and environmental management guidelines for gaseous, liquid, solid as well as toxic and hazardous wastes;

(2) Formulate and recommend an integrated research program pertaining to air, water and land pollution, including research into environmentally sound technologies and pollution control technologies and conservations;

(3) Conduct research studies on specific environmental problems such as soil erosion and deforestation, among others;

(4) Provide research laboratory services supportive of the Authority's exercise of regulatory functions such as standard setting and environmental permitting activities;

(5) Provide research support services to the field offices of the Authority in order to ensure their efficient and effective operation;

(6) Perform such other functions as may be assigned by the Director General.

Section 33. Environmental and Management Information System Office. – The Environmental and Management Information System Office, which shall be headed by a Director and assisted by an Assistant Director, shall be primarily responsible for the design, establishment and operation of an environmental and management information system, including data bank development based on geographic information gleaned from periodic environmental surveillance, reconnaissance and monitoring.

activities utilizing complementary technologies such as aerial photography and other remote sensing systems.

The Office shall absorb the information systems management functions of the EMB of the DENR, relative to natural resource conservation and environmental protection

Section 34. Environmental Education and Training Office. – The Environmental Education and Training Office, which shall be headed by a Directed and assisted by an Assistant Director, shall be primarily responsible for the conduct of environmental education and training programs relating to natural resource conservation and the protection and management of the environment. Said main objective of the programs is to increase the awareness of the people regarding environmental issues and problems. It shall include a "behavioral change and value formation" component aimed at altering polluter behavior and inculcating the environmental ethic of stewardship and the virtue of sustainable development.

The Office shall absorb the environmental education functions of the EMB of the DENR

Section 35. Environmental Regulations Office – The Environmental Regulations Office shall be headed by a Directed and assisted by an Assistant Director. It shall have the following functions:

(a) Design, establish and institutionalize a unified environmental permit and licensing system (covering the regulatory areas of pollution control, land use planning/zoning and environmental impact assessment) in order to simplify and rationalize the processing of environment-related permits and licenses (such as the authority to construct, permit to operate, locational clearance issued by the Housing and Land Use Regulatory Board and the Environment compliance certificate);

(b) Review, analyze and evaluate pertinent technical/legal documents pertaining to environmental permitting/licensing in order to determine the environmental acceptability and/or soundness of programs, projects and activities that might significantly affect the environment;

(c) Perform investigate and monitoring functions to ensure the compliance of proponents to the Authority's rules and regulations;

(d) Initiate proper legal actions and proceedings such as the prosecution of violations of the Authority's rules and regulations and/or the cancellation of environmental permit or license taking into account due process;

(e) Attend to appeals and complaints from the public and parties affected by the Authority's orders and decisions as they relate to natural resource conservation and environmental protection;

(f) Assist the technical support offices of the Authority in translating research and technical findings into legal and policy form (such as guidelines, orders, rules and regulations, etc.) and,

(g) Perform such other functions as may be assigned by the Director General.

Section 36. Field Offices of the Authority – Field offices of the Authority shall be established in the fourteen (14) administrative regions of the country. Each regional office of the Authority shall be headed by a Regional Director, to be assisted by an Assistant Regional Director. Both the Regional Director and the Assistant Regional Director shall be Career Executive Service Officers or shall possess equivalent qualification.

The regional field offices of the Authority shall be located in the country's regional capitals. It shall have the following functions:

1) Implement natural resource conservation and environmental protection laws as well as policies, plans, programs, projects and rules and regulations of the Authority in order to achieve the objective of sustainable development in the countryside;

2) Provide for the efficient and cost-effective delivery of the Authority's services to the people;

3) Coordinate with regional offices of other departments, offices, agencies in the regional and local government units in the enforcement of natural resource conservation and environmental protection law;

4) Recommend and, upon approval, implement projects on natural resource conservation and environmental protection;

5) Conduct natural resource assessment and environmental surveillance, reconnaissance and monitoring in the region and formulate regional action plans for natural resource conservation and environmental protection;

6) Conduct appropriate field research supportive of the Authority's policies, plans, programs and projects;

7) Respond to appeals, complaints and queries from the public regarding natural resource conservation and environmental protection; and

8) Performs such other functions as may be assigned by the Director General.

Chapter VII Other Provisions

Section 37. Relations with People's and Non-Governmental Organizations – The Authority shall promote the establishment and operation of people's and non-governmental organizations to become active partners in the conservation of the natural resources and protection of the environment.

The Authority may enter into joint ventures and such other cooperative arrangements with people's and non-governmental organizations to engage in projects designed to promote and maintain ecological balance, it may also provide assistance, financial or technical, to such people's and non-governmental organizations for environmental projects to be implemented within the country.

Section 38. National Environmental Protection Fund (NEP Fund). – There is hereby created a National Environment Protection Fund (NEP Fund) to be administrative by the Authority. To finance the said Fund, the following shall be imposed:

(a) A national environment protection fee in an amount equivalent to ten percent (10%) of the total fees charged, but not more than One hundred pesos (P100.00) for every business or non-business permit or license issued by the government;

(b) An allocation equivalent to ten percent (10%) of the total unclaimed bank balances escheated in favor of the State under Republic Act No. 3936, as amended (Unclaimed Balances Law).

Proceeds from penalties prescribed in natural resource conservation and environmental protection laws and other penalties imposed by the Authority shall also accrue to the NEPFund;

The NEPFund may be augmented by grants, subsidies, and donations from other government sources or private grantors or donors; and

The NEPFund shall be administered for the purpose of financing adequate, suitable and appropriate measure to promote natural resource conservation and improve environmental quality

Chapter VIII Final Provisions

Section 39. Appropriations. – To carry out the provisions of this Act, there is sum of Two hundred million pesos (P2 000,000,000.00) as initial capital of the Authority. The succeeding appropriations for the balance of the Authority's capital shall be included in the annual General Appropriations Act for the fiscal years immediately following the effectivity of this Act.

Section 40. Transitory Provisions. – All offices, bureaus, agencies and divisions herein mentioned to be absorbed by the Authority shall cease, and their functions, including their appropriations, funds, records, equipment, facilities, rights, other assets and personnel shall be transferred to the Authority within 120 days after the effectivity of this Act. Its liabilities, if any, shall be treated in accordance with the government auditing code and other pertinent laws, rules and regulations.

Section 41. Dissolution of the Laguna Lake Development Authority. – The Laguna Lake Development Authority, created under Republic Act No. 4850, as amended shall be dissolved within one (1) year from the effectivity of this Act, in as much as it exercises the same functions as the Authority. *Provided*, that the LLDA shall continue to exist as body corporate for three (3) years after dissolution for the purposes of prosecuting or defending suits by or against it and enabling it to settle and close its affairs, to dispose and convey its property and to distribute its assets, but not for the purpose of continuing the business for which it was established.

Nevertheless, all government interests in the LLDA shall immediately accrue to the Authority, which shall exercise all rights of the Government as stockholder of the LLDA. All assets distributable to the Government as a result of the dissolution shall accrue to the Authority.

Section 42. Repealing Clause. – All acts, decrees, general orders, letters of instruction, regulations and circulars, or parts thereof inconsistent with any provisions of this Act are hereby repealed or modified accordingly.

Section 43. Separability Clause. – If, for any cause, any part of this Act is declared unconstitutional, the rest of provisions shall remain in force and effect.

Section 44. Effectivity. – This Act shall take effect upon approval

Approved,