

Republic of the Philippines
House of Representatives
Quezon City

Sixteenth Congress
First Regular Session



HOUSE BILL NO. 1240

Introduced by Representative DEOGRACIAS B. RAMOS, Jr.

EXPLANATORY NOTE

This bill seeks to bar local government units from obtaining loan for infrastructure projects one (1) year prior to every National and/or Local Elections. In the same vein, this is also intended to stop lending institutions from approving it, or releasing its proceeds to the local government.

Loans of any kind are burden to local governments. As such, it must be use to serve its purpose and not to fatten the pockets of public officials. But unlike loans for social services, loans for infrastructure are source of graft and corruption especially when election draws near. It is arguably the milking cow of crooked politicians and the money stashed from this practice is used during elections.

On the other hand, corrupt public officials can hardly reap monetary windfall from livelihood projects, and financial (burial, educational, medical and transportation) assistance to indigent constituents because of the very nature of this service.

This will serve us guaranty to our people that loans contracted by their local government units one year before the election will be for social services only.

The immediate approval of this bill is earnestly sought.


DEOGRACIAS B. RAMOS, JR.
Second District, Sorsogon

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HOUSE BILL NO. 1240

Introduced by Representative DEOGRACIAS B. RAMOS, Jr.

AN ACT PROHIBITING LOCAL GOVERNMENT UNITS FROM APPLYING FOR LOANS TO FINANCE INFRASTRUCTURE PROJECTS AND LENDING INSTITUTIONS FROM APPROVING IT OR RELEASING THE PROCEEDS ONE YEAR BEFORE ELECTIONS.

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

SECTION 1. *Short Title.* This Act shall be known as *Loan Election Ban of 2013*.

SECTION 2. *Declaration of Policy.* The State shall maintain honesty and integrity in the public service and take positive and effective measures against graft and corruption.

SECTION 3. *Definition of Terms.* As used in this Act:

- (a) "Infrastructure loan" shall mean loan made by a local government unit from any private or public lending institution for the purpose of financing the construction, rehabilitation, repair or improvement of local infrastructure project.
- (b) "Local government unit" shall mean political subdivision of the State duly constituted by law which has substantial control of local affairs. It shall refer to barangay, municipality, city, province and the Autonomous Region in Muslim Mindanao (ARMM).
- (c) "Local infrastructure project" shall include but is not limited to the construction, repair, rehabilitation or improvement of buildings, roads, bridges, public markets, pavements, pathways, footbridges, fences, stages, police/jail/fire stations, housing units, flood control, water supply system, irrigation projects/facilities, electrification projects, septage/sewerage project.

SECTION 4. *Prohibited Acts.* The following acts shall be prohibited:

- (a) The enactment of a resolution by the sangguniang barangay, sangguniang bayan, sangguniang panlungsod, sangguniang panlalawigan, or the Regional Legislative Assembly (ARMM) authorizing the local government unit, through the punong barangay, mayor or governor, as the case may be, to apply or obtain loan for local infrastructure projects one (1) year before the local or national elections;
- (b) The signing or execution of any infrastructure loan agreement involving the local government unit and the private or public lending institution one (1) year before the local or national elections;
- (c) The approval by the private or public lending institution of the infrastructure loan application of the local government one (1) year before the local or national elections; and
- (d) The release by the private or public lending institution of the amount or proceeds of the infrastructure loan to the local government one (1) year before the local or national elections.

SECTION 5. *Criminal Liability.* – (a) Any elective local official who commits an act prohibited under this law shall be punished by imprisonment of three years and one day to six years.

(b) Any public employee or private individual who knowingly participated in the commission of an act prohibited under this law shall be punished by imprisonment of one year and one day to three years.

SECTION 6. *Separability Clause.* - If any section or part of this Act is held unconstitutional, no other section or provision shall be affected.

SECTION 7. *Repealing Clause.* All laws, decrees, executive orders, rules and regulations, issuances or any part thereof inconsistent with the provisions of this Act are deemed repealed.

SECTION 8. *Effectivity.* – This Act shall take effect (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,