

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1267



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:

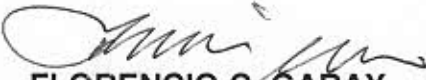
"The State shall provide incentives to landowners to invest the proceeds of the agrarian reform program to promote industrialization, employment and privatization of public sector enterprises. Financial instruments used as payment for lands shall contain features that shall enhance negotiability and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

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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,