

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **2904**



Introduced by

Hon. FERDINAND MARTIN G. ROMUALDEZ, Hon. GLORIA MACAPAGAL ARROYO, Hon. DIOSDADO M. ARROYO, HON. JOSE L. ATIENZA, Jr., HON. JONATHAN A. DE LA CRUZ, Hon. VICTOR FRANCISCO C. ORTEGA, Hon. PHILIP A. PICHAY, Hon. LANI MERCADO-REVILLA, Hon. ALETA C. SUAREZ and Hon. TOBY M. TIANGCO

EXPLANATORY NOTE

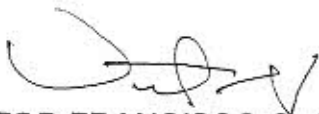
The power of the purse is vested in the Congress of the Philippines. Such power has been explicitly given by no less than the Constitution.

Thus, when the President for whatever reason refuses to spend funds made available by Congress in the exercise of its impoundment power, the President is frustrating the will of Congress.

While we recognize the corollary doctrines of separation of powers and checks and balances, we believe that the Executive and the Legislative Departments should create safeguards to avoid abuses of power. After all, in a democracy, no department exercises unbridled and limitless power.

This bill seeks to increase congressional oversight and limit executive influence over specific appropriations in the General Appropriations Act in recognition of their defined powers under our Constitution.

Hence, the approval of this bill is earnestly sought.



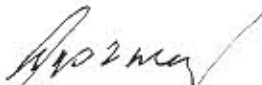
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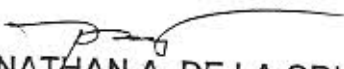
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THE BUDGET IMPOUNDMENT CONTROL ACT

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

Section 1. Title. This Act shall be known and cited as "The Budget Impoundment Control Act."

Sec. 2. Declaration of Policy. It is hereby declared the policy of the State to formulate and implement a National Budget that is an instrument of national development, reflective of national objectives, strategies and plans. Towards this end, all appropriations, except those which shall be deferred, rescinded, reserved, or otherwise withheld in the General Appropriations Act, shall be released within the first semester of the year through the issuance of advices of allotment in accordance with approved work and financial plans, and shall be utilized according to the purposes provided in the General Appropriations Act. Any deferral, rescission or reservation of appropriations in the General Appropriations Act shall be in accordance with this Act.

Sec. 3. *Definition of Terms.* For purposes of implementing this Act, the following definitions shall apply:

- (a) Rescission - means cancellation of all or part of an enacted appropriation, which has not yet been spent or obligated.
- (b) Reservation – means imposition of reserves on appropriated amounts for government expenditures.
- (c) Deferral of releases – means with holding or delaying the release of appropriated amounts provided for projects or activities.
- (d) Impoundment resolution – means a joint resolution of both Houses of Congress expressing its approval of a rescission, reservation or deferral of an appropriation or several appropriation items as proposed by the President.
- (e) Advice of allotment – the formal document issued by the Department of Budget and Management, which contains authorizations, conditions, and amount of obligations that an agency can incur pursuant to a legislative appropriation.
- (f) Work-and-financial plan – the monthly breakdown of financial requirements and physical performance targets of an agency.
- (g) Appropriations – unless otherwise described or specified herein, the term appropriations included in the annual General Appropriations Act.

Sec. 4. *Rescission and Reservation of a Budget Appropriation.* Whenever the President, upon the recommendation of the Secretary of the Department of Budget and Management, determines that all or part of any budget appropriation will not be required to carry out the full objectives or scope of programs for which it is provided, or that such budget appropriation should be rescinded for fiscal policy or other reasons, including the termination of authorized projects or activities, or whenever all or part of any budget appropriation for the current fiscal year is to be reserved from obligation for such fiscal year, the President shall transmit to both Houses of Congress a special message specifying:

1. The amount of budget appropriation which he proposes to be rescinded or which is to be reserved;
2. Any account, department, agency or instrumentality of the government to which such budget appropriation is available for obligation, and the specific projects or governmental functions involved;
3. The reasons why the budget appropriations should be rescinded or is to be so reserved;
4. The estimated fiscal, economic and budgetary effect of the proposed rescission or reservation; and
5. All facts, circumstances and considerations relating to or bearing upon the proposed rescission or reservation, and the estimated effect of the proposed rescission or reservation upon the purposes, programs, activities and projects for which such appropriation is provided.

Sec. 5. *Approval of Rescission or Reservation.* Both Houses of Congress shall act on the proposed rescission or reservation within sixty (60) calendar days after the receipt of such proposal from the President by issuing a joint impoundment resolution: Provided, That if the President's special message is received within a period of less than sixty (60) calendar days before the end of a regular session, the President's message shall be deemed to have been submitted on the first day of the succeeding regular session of Congress and the sixty (60) days referred to in this Section shall commence on the day after such first day. If Congress does not issue an impoundment resolution within the specified period, the President shall not proceed with the rescission or reservation procedures. Provided, however, that in the event of a Congressional approval to rescind, the funds corresponding to the rescinded appropriations shall revert to the unappropriated surplus of the general fund and shall not be made available for expenditure for any purpose except as provided for by a subsequent legislative enactment.

Sec. 6. *Use of Reserves.* When changes in conditions during the year justify the use of the reserved appropriations which have been imposed under this Act or

under the General Appropriations Act, the amount involved shall be allocated back for the use by, and upon the request of the Department, office or agency on whose appropriation the reserve was originally imposed.

Sec. 7. *Deferral of Releases.*

(a) Whenever the President, the Secretary of the Department of Budget and Management, the head of any department, agency or instrumentality of the Government proposes to defer the release of any appropriation for a specific purpose, program, activity, or project, the President shall transmit to the House of Representatives and the Senate specifying:

- 1.) The amount of the appropriation proposed to be deferred;
- 2.) Any account, department, agency or instrumentality of the Government to which such appropriation is available for obligation, and the specific projects or governmental functions involved;
- 3.) The period of time during which the appropriation is proposed to be deferred;
- 4.) The reasons for the proposed deferral, including any legal authority invoked by him to justify the proposed deferral;
- 5.) The estimated fiscal, economic and budgetary effect of the proposed deferral;
- 6.) All facts, circumstances and considerations relating to or bearing upon the proposed deferral, including an analysis of such facts, circumstances and considerations in terms of their application to any legal authority and specific elements of legal authority invoked by him to justify such proposed deferral, and the estimated effect of the proposed deferral upon the objects, purposes, program, activities and projects for which such appropriation is provided.

- (b) A deferral may not be proposed for any period of time extending beyond the end of the fiscal year in which the special message proposing the deferral was transmitted to the House of Representatives and the Senate.

Sec. 8. *Approval of Release of Deferral.* Both Houses of Congress shall act on the proposed deferral within sixty (60) calendar days after the receipt of the proposal from the President: Provided, That if the President's special message is received within a period of less than sixty (60) calendar days before the end of a regular session, the President's message shall be deemed to have been submitted on the first day of the succeeding regular session of Congress and the sixty (60) days referred to in this Section shall commence on the day after such first day. If Congress does not issue an impoundment resolution within the specified period, the President shall not proceed with the deferral procedures.

Sec. 9. *Submission of Quarterly Reports.* Within thirty (30) days after the end of each quarter, the Secretary of the Department of Budget and Management shall submit to the Committee on Appropriations of the House of Representatives and the Committee on Finance of the Senate, a list of releases made out of reserved and deferred appropriations, and comparative statements showing the annual general appropriations, the annual program of continuing and automatic appropriations, and the corresponding releases of allotments and cash allocations for each department, agency, corporation and fund: Provided, That the releases from each lump-sum or special-purpose fund shall be supported with schedules indicating the specific departments/agencies, corporations or entities which received the fund releases and the purposes of such releases. The quarterly reports shall also include a cumulative summary of all appropriations rescinded, deferred or reserved.

The Committee on Appropriations of the House of Representatives and the Committee on Finance of the Senate shall conduct public hearings and call on the head/s of the departments, agencies and corporations for a thorough and detailed quarterly report .

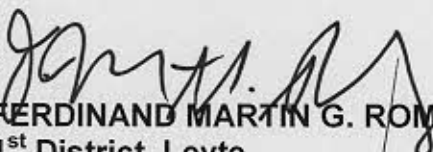
Sec. 10. Mode of Transmittal of the Special Message of the President. The President shall transmit to Congress at any time during the budget year but not later than the fifteenth day of October of the current fiscal year, the special message which may include one or more proposals for impoundment, reservation, or deferral on one or more appropriation items through the Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives.

Sec. 11. Penal Provision. Any violation of Sections 2,4,5,6,7,8, and 9 of this Act shall be punished by a fine not exceeding Five Hundred Thousand Pesos (Php500,000.00) and the penalty of perpetual special disqualification.

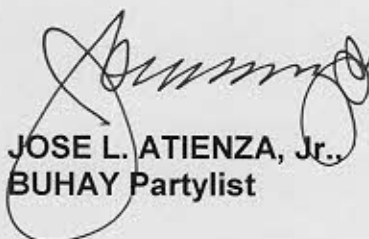
Sec. 12. Repealing Clause. All laws, decrees, executive orders, letters of instructions, letters of implementation, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed, modified, superseded or amended accordingly.

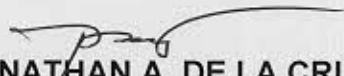
Sec. 13. Effectivity Clause. This Act shall take effect fifteen (150 days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

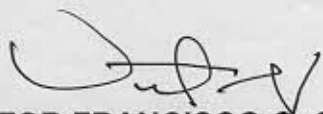
Approved.


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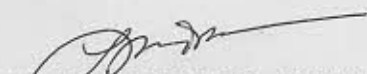

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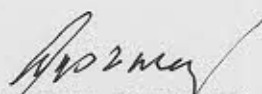
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