

SIXTEENTH CONGRESS)
OF THE REPUBLIC OF THE PHILIPPINES)
First Regular Session)



HOUSE OF REPRESENTATIVES

House Bill No. **4502**

Introduced by REP. BEN P. EVARDONE
Lone District, Eastern Samar

EXPLANATORY NOTE

1 The November 8, 2013 super-storm Yolanda proves to be the worst typhoon
2 to hit the Philippines in recent history. In a Situation Report¹ (January 22, 2014), the
3 National Disaster Risk Reduction and Management Council (NDRRMC) listed as
4 affected areas 12,139 barangays in 44 provinces, 591 municipalities, and 57 cities of
5 Regions IV-A, IV-B, V, VI, VII, VIII, X, XI, and CARAGA (Region XIII). Based on
6 NEDA's Reconstruction Assistance on Yolanda (RAY) plan, the Philippine
7 Government needs around P361 billion (US\$8.17Billion) for shelter and resettlement,
8 public infrastructure, education and health services, agriculture, industry and
9 services, local government and social protection.²

10
11 The financial requirement in the recovery efforts is indeed so huge that
12 everyone's helping hand and resources, foreign and local, must be tapped. To be
13 sure, the national government needs even the help of affected communities, the
14 affected LGUs, individuals and businesses in particular.

15
16 Hence, to strengthen the fiscal position of these affected LGUs and allow
17 them to spend their resources in the recovery efforts at the municipal (and even
18 barangay) level, this bill seeks to condone or authorize the condonation of certain
19 debts of local government units.

20
21 It must be noted that in 2012 alone, LGUs within the above-mentioned
22 affected regions allocated and expended³ around **P4.621 Billion** for debt
23 services/payment of loan amortizations: of which **Provinces** allocated and expended
24 around P1.017 Billion⁴; **Cities**, around P2.277 Billion⁵; and, **Municipalities**, around
25 P1.327 Billion⁶.

¹ NDRRMC Situation Report on the effects of Typhoon Yolanda, January 22, 2014 (6:00 a.m.).
<http://www.gov.ph/2014/01/22/ndrrmc-situation-report-on-the-effects-of-typhoon-yolanda-january-22-2014-600-a-m/>

² [http://china.org.cn/world/Off the Wire/2013-12/18/content 30932143.htm](http://china.org.cn/world/Off%20the%20Wire/2013-12/18/content_30932143.htm)

³ Data based on Statement of Receipts and Expenditures data for CY 2012, Bureau of Local Government and Finance

⁴ **Provinces:** In Region IV-A have a combined Debt Service of P236,563,664.00 (i.e. Combined Debt Service [Principal cost] which is the same amount constituting Payment of Loan Amortization); Region IV-B (P7,146,973.00); Region V (P140,665,395.00); Region VI (P90,737,482.00); Region VII

1 Moreover, the author proposes the condonation of loans, whether individual,
2 cooperative, micro, small and medium enterprises, including non-profit non-
3 governmental organizations and similar entities to the extent of P50,000 including
4 interests thereon, when the same had been obtained from a government bank or
5 financial institution.

6
7 Likewise, condonation of student and similar loans, outstanding hospital
8 debts, regardless of amounts incurred prior to November 8, 2013, is also proposed.

9
10 Also, the author proposes the grant of 'soft loans' to those intending to
11 conduct business in the Yolanda-stricken areas, and tax holidays and incentives to
12 encourage the opening/reopening of businesses. This aims to rekindle the local
13 economy.

14
15 Finally, Yolanda-affected employees are given a 2-year tax exemption from
16 compensation income taxation so that the tax money saved would be used in the
17 reconstruction and rehabilitation of their respective homes.

18
19 On this score, the immediate passage of this bill is earnestly sought.



BEN P. EVARDONE

(P66,106,656.00); Region VIII (P87,951,420.00); Region X (P127,833,770); Region XI (P170,630,001.00) and Region XIII (CARAGA) (P89,292,424.00);

⁶ **Cities:** In Region IV-A had a total debt service of P542,337,537.00; Region IV-B (P186,615,857.00); Region V (P117,963,775.00); Region VI (P269,964,836.00); Region VII (P210,291,695.00); Region VIII (P173,746,680.00); Region X (P148,178,319.00); Region XI (P513,816,977.00); Region XIII (P114,348,805.00);

⁶ **Municipalities:** In Region IV-A (PhP335,064,386.00); Region IV-B (PhP18,992,751.00); Region V (PhP150,734,483.00); Region VI (PhP91,986,609.00); Region VII (PhP153,960,261.00); Region VIII (PhP142,391,537, of which P141,821,269.00 was for payment of loan amortization and PhP570,268.00 for retirement/redemption of bonds/debt securities); Region X (PhP117,741,206.00, of which PhP111,808,485.00 was for Payment of Loan Amortization and PhP5,932,722.00 was for retirement/redemption of bonds/debt securities); Region XI (PhP206,765,029.00); Region XIII (PhP116,335,218.00).

HOUSE OF REPRESENTATIVES

House Bill No. 4502

Introduced by REP. BEN P. EVARDONE
Lone District, Eastern Samar

AN ACT

TO ACCELERATE ECONOMIC RECOVERY IN THE TYPHOON YOLANDA-
STRICKEN AREAS, PROVIDING INCENTIVES AND OTHER BENEFITS TO
INDIVIDUALS AND ENTITIES FOR THIS PURPOSE, AND FOR OTHER
PURPOSES

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

Section 1. Statement of Purposes. — This Act mandates the State to accelerate the
economic recovery of Local Government Units (LGUs) affected by Typhoon Yolanda
including individuals and entities therein through condonation of certain loan obligations and
provision of appropriate fiscal and/or non-fiscal incentives, tax exemptions and other
benefits.

Section 2. Condonation of LGU Loans. — All outstanding monetary debts and
interests thereon of municipalities, cities and provinces affected by Typhoon Yolanda are
hereby condoned: *Provided that*, such obligations arise from loan agreements with national
government wholly owned and controlled banks and/or financing institutions prior to
November 8, 2013.

Section 3. Personal Loans. — All outstanding monetary debts and corresponding
interests thereon of individuals, cooperatives, micro, small and medium enterprises, non-
profit non-governmental organizations and similar entities affected by Typhoon Yolanda are
hereby condoned to the extent of Fifty thousand pesos (P50,000.00): *Provided that*, such
obligations arise from loan agreements with national government wholly owned and
controlled financing institutions, instrumentalities, and agencies prior to November 8, 2013.

1 **Section 4. *Other debts.*** — All student and similar loans, regardless of amount,
2 including interests thereon, incurred prior to November 8, 2013 from government-owned and
3 controlled corporations and entities are hereby condoned: *Provided that*, such loans have
4 been granted to individuals affected by Typhoon Yolanda.

5
6 All individual debts of whatever amount including interest thereon incurred from
7 national and local government hospitals prior to November 8, 2013, on account of
8 hospitalization of the debtor, are hereby condoned: *Provided that*, such obligations were
9 incurred by individual debtors affected by Typhoon Yolanda.

10
11 **Section 5. *Tax exemption.***—Any person deriving income from employment who has
12 been affected by Typhoon Yolanda shall be exempt from compensation income taxation
13 under the National Internal Revenue Code (NIRC) for a period of two years from the
14 effectivity of this Act: *Provided that*, such person derives income within any of the
15 municipality or city affected by Typhoon Yolanda.

16
17 **Section 6. *Incentives to BoI-, Ecozone-registered businesses.***— Any person or entity
18 doing business in the Philippines, enjoying appropriate fiscal and/or non-fiscal incentives
19 under existing laws, rules and regulations, who are respectively registered with the Bureau of
20 Investments (BOI) and/or with any existing economic zone authority such as but not limited
21 to the Bases Conversion and Development Authority (BCDA) and Clark Development
22 Corporation (CDC), shall be entitled to enjoy the same fiscal and non-fiscal incentives and
23 benefits whenever such person or entity opens, establishes or expands his business in a
24 municipality, city, or a cluster thereof, previously identified by the NDRRMC as affected or
25 damaged by Typhoon Yolanda.

26
27 For this purpose, the Bureau of Investments (BOI) is hereby mandated to administer
28 such incentives: *Provided that*, all fees and charges collected from such person or entity
29 doing business pursuant to existing laws, rules and regulations shall be shared equally by the
30 national government and the local government unit where the business may be established.

31
32 **Section 7. *Incentives to Non-BoI-, Non-Ecozone-registered businesses.***— Any
33 person or entity other than those referred to in Section 1 hereof intending to open, establish or
34 expand his business in a municipality or city, or a cluster thereof, previously identified by the

1 NDRRMC as affected or damaged by Typhoon Yolanda shall be allowed to enjoy such fiscal
2 and non-fiscal incentives granted under Executive Order No. 226, as amended: *provided that*,
3 he registers with the Bureau of Investments (BoI) and meets the citizenship ownership
4 requirements prescribed by the Constitution and existing laws.

5
6 For this purpose, the Bureau of Investments (BOI) is hereby mandated to administer
7 such incentives: *Provided that*, all fees or income collected from such person or entity doing
8 business pursuant to existing laws, rules and regulations shall be shared equally by the
9 national government and the local government unit where the business may be established.

10
11 **Section 8. *Loan grants to businesses.***— All national government wholly owned and
12 controlled banks and financial institutions are hereby directed to set aside a portion of their
13 loanable amounts, and grant the same to individuals, cooperatives, micro, small and medium
14 enterprises and similar entities intending to open new or re-establish business in a
15 municipality or city affected by Typhoon Yolanda: *Provided that*, the loan agreement shall
16 offer the most lenient and least burdensome terms and conditions, relaxed rigid requirements
17 imposed under normal circumstances such as but not limited to the requirement of titled lands
18 as loan collaterals; *provided further*, that such banks and/or financial institutions may impose
19 only such terms and conditions consistent with the purposes of this Act that will ensure
20 payment of loaned amounts within a reasonable time.

21 The Department of Trade and Industry (DTI) is hereby directed to provide appropriate
22 technical assistance to such individual and entity for this purpose.

23
24 **Section 9. *Role of National Disaster Risk Reduction and Management Council***
25 **(NDRRMC).** — The National Disaster Risk Reduction and Management Council
26 (NDRRMC), thru the appropriate Municipal or City Disaster Risk Reduction and
27 Management Council, shall assist in the identification of individuals or entities affected by
28 Typhoon Yolanda who may be entitled to avail of the benefits provided for under this Act.

29
30 **Section 10. *Separability Clause.***—Whenever any item or provision in this Act is
31 declared unconstitutional, in whole or in part, such item or provision not affected thereby
32 shall remain in force.

1 **Section 11. Effectivity Clause.** — This Act shall take effect on the day following its
2 publication in at least two (2) national newspapers of general circulation.

3

4 *Approved*