

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4484



Introduced by Rep. Winston "Winnie" Castelo

EXPLANATORY NOTE

The Bases Conversion Development Authority (BCDA) was created under Republic Act (RA) No. 7227, otherwise known as the "Bases Conversion and Development Act of 1992," which was approved on March 13, 1992. RA No. 7227 vested BCDA with the mandate to accelerate the sound and balanced conversion into alternative productive uses of the Clark and Subic military reservations and extensions, to raise funds by the sale of portions of Metro Manila military camps, to apply said funds for the development and conversion to productive civilian use of the lands covered under the 1947 Military Bases Agreement, and to promote the economic and social development of Central Luzon in particular, and the country in general.

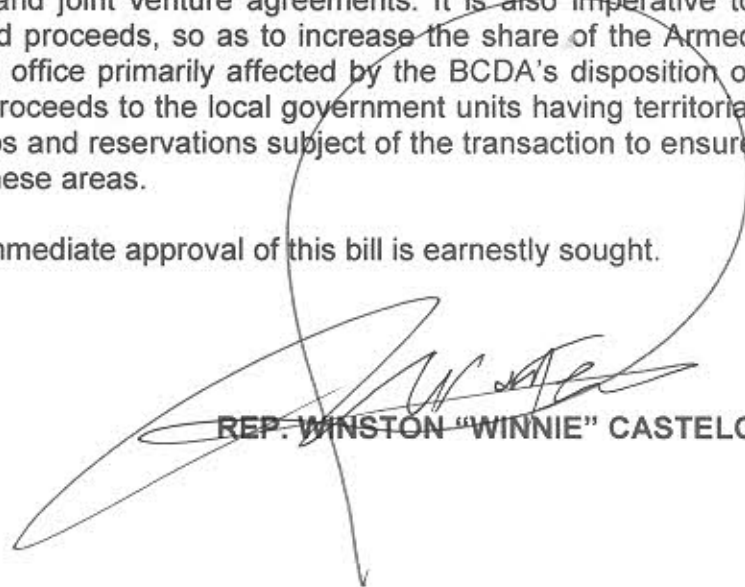
Section 8 of RA No. 7227, which pertains to the rates of distribution of the net proceeds from sale of Metro Manila camps, was later amended by the passage of RA No. 7917 on February 13, 1995. RA No. 7917 provides for the distribution of the proceeds from the sale of the portions of military reservations in Metro Manila, net of expenses, as follows:

- (a) Thirty-five percent (35%) to finance the modernization program of the Armed Forces of the Philippines (AFP), transfer and construction of new military camps, rehabilitation of the AFP Medical Center and the modernization of the government arsenal;
- (b) Twenty-seven and a half percent (27.5%) for the construction and upgrade of infrastructures such as highways, railways and transport facilities to make Subic Clark and other bases accessible;
- (c) Twelve percent (12%) to finance the National Shelter Program;
- (d) Three percent (3%) to finance the National Health Insurance Program;
- (e) Five percent (5%) to finance critical infrastructure projects not covered by the Build Operate-Transfer program in areas surrounding the former baselands;
- (f) Two (2%) to finance the benefits/claims of Military War Veterans and their dependents;
- (g) One percent (1%) as contribution to the Higher Education Development Fund to finance student scholarship, faculty development and improved physical plans of colleges and universities under the Commission on Higher Education;

- (h) Two percent (2%) to finance science and technology scholarships and training of Filipino scientists;
- (i) One percent (1%) for the multi-year program of the prosecution service;
- (j) Two percent (2%) but not to exceed two billion pesos (P2 billion) to finance the multi-year modernization of the National Bureau of Investigation, Philippine National Police and the improvement of prison facilities;
- (k) One percent (1%) for multi-year judicial program;
- (l) Two percent (2%) to finance the establishment of pre-school and day care centers nationwide;
- (m) One-half percent (1/2%) for the summer program for the education of students;
- (n) One percent (1%) for the construction of senior citizen centers;
- (o) Three percent (3%) to the emergency and contingent needs of areas devastated by the Mount Pinatubo eruption; and
- (p) Two percent (2%) for infrastructure development of future special economic zones to be created.

Over the years, the BCDA has deemed it more beneficial to the interests of the government to enter into commercial transactions other than sale involving certain portions of military camps instead of selling them. Thus, it is necessary to amend the provision pertaining to the disposition of revenues to include income from transactions other than sale, such as lease and joint venture agreements. It is also imperative to review the earmarking of the said proceeds, so as to increase the share of the Armed Forces of the Philippines, as the office primarily affected by the BCDA's disposition of assets, and give a share of the proceeds to the local government units having territorial jurisdiction over the military camps and reservations subject of the transaction to ensure a balanced development within these areas.

In view of the foregoing, immediate approval of this bill is earnestly sought.



REP. WINSTON "WINNIE" CASTELO

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**AN ACT RATIONALIZING THE ALLOCATION OF REVENUES FROM SALE AND
DISPOSITION OF LANDS UNDER REPUBLIC ACT NO. 7227, AS AMENDED BY
REPUBLIC ACT NO. 7917, OTHERWISE KNOWN AS THE BASES CONVERSION
AND DEVELOPMENT ACT OF 1992, AND FOR OTHER PURPOSES**

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

SECTION 1. *Distribution of Proceeds of Sale, Lease, Joint Venture and Other Transactions.* The proceeds from any sale, lease, joint venture and all other income-generating transactions, after deducting all expenses related to such transactions, entered into by the Bases Conversion Development Authority (BCDA) involving portions of military bases and reservations and other lands covered by Republic Act No. 7227, as amended, and such other lands as may be transferred thereto, shall be deemed appropriated for the following purposes with the corresponding percentage shares of the proceeds:

- (a) Forty-five percent (45%) -- To primarily finance the self-reliance and modernization program of the Armed Forces of the Philippines (AFP), which shall include the following: equipment acquisition and upgrade program, bases development program, rehabilitation and expansion of AFP's medical facilities, and the modernization of the government arsenal;
- (b) Twenty-five percent (25%) -- To finance the construction and upgrading of infrastructure such as highways, railways and other transport facilities to make Subic, Clark and other former bases accessible: *Provided*, that other public works, utilities and irrigation projects not specified herein shall be deemed included; *Provided, finally*, that this appropriation shall be retained by the Conversion Authority as part of its paid-up capital pursuant to Section 6 of Republic Act No. 7227;

- (c) Ten percent (10%) – To finance the National Shelter Program as implemented by the National Housing Authority;
- (d) Five percent (5%) – To finance the benefits and claims, whether in arrears or as they fall due, of the veterans and their beneficiaries under Republic Act No. 6948, otherwise known as "An Act Standardizing and Upgrading the Benefits for Military Veterans and their Dependents;"
- (e) Five percent (5%) – To finance the National Health Insurance Program;
- (f) Five percent (5%) – To be remitted to the local government unit having territorial jurisdiction over the military reservation subject to sale, lease, joint venture, and other transactions; and
- (g) Five percent (5%) – To finance the disaster risk reduction or mitigation, prevention and preparedness activities of the government, such as but not limited to training of personnel, procurement of equipment, and capital expenditures. It may also be utilized for relief, recovery, reconstruction and other work or services in connection with natural or human-induced calamities.

SECTION 2. *Implementing Rules and Regulations.* The Office of the President of the Philippines shall promulgate rules and regulations as may be necessary for the proper implementation of this Act within sixty (60) days from its effectivity.

SECTION 3. *Separability Clause.* If any provision or part hereof is held invalid or unconstitutional, the remainder of the provision not otherwise affected shall remain valid and subsisting.

SECTION 4. *Repealing Clause.* Any law, presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with, the provisions of this Act is hereby repealed, modified or amended accordingly.

SECTION 5. *Effectivity.* This Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,