

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS

Second Regular Session

House Bill No. **6238**



Introduced by Hon. Orestes T. Salon and Hon. Delphine Gan Lee

EXPLANATORY NOTE

The country's labor force in 2015 totaled 41.34 million persons. Employment rate was 94 percent. The agriculture sector employed 11.29 million persons and this comprised 29 percent of the national employment.¹ With more than a quarter of the country's population in the agricultural sector, and farmers being identified as one of the highest poverty incidence among the country's basic sector, it is here in this bill, that we tackle the restrictions in laws pertaining to the distribution of agricultural lands.

Commonwealth Act No. 141, as amended, or the Public Land Act serves as an important measure for supporting our hard working farmers by providing the Agricultural Free Patents as a mechanism for land ownership. However, there are restrictions under said law on translating agricultural land title become tradable and bankable hindering the farmer entrepreneur to improve their agricultural productivity.

Under the Public Land Act No. 141, grantees of agricultural free patent and the less numerous homestead patents are restricted from mortgaging or selling the lands within five (5) years from the issuance of the free patent, and from repurchasing by the patentee and/or his widow and descendants within a five (5) years from the time of sale. Due to its restrictive features, agricultural patents are not as attractive in the rural land market, either as collateral or for acquisition.

At present, only agricultural free patents and homestead patents are the last restricted patents in the land market, and it has been established that such restrictions on the right to alienate or encumber the lands have worked against not just the people who are supposed to benefit from the law by depriving them of the full enjoyment and utilization of the property - These farmer-entrepreneurs are not asking the government for financial support, but only for full use of their own lands since they are in the best position to evaluate the land in accordance to their needs – but also against the government, as they hinder potential capital turnover to the national economy. One study estimates that agricultural land/asset covered by the five-year restriction amounts to at least Php 387 Billion, potentially rendered idle due to limits in disposition, and may even reach trillions of pesos if patents prior to 1980 included.²

¹[https://psa.gov.ph/sites/default/files/Selected Statistics on Agriculture 2016.pdf](https://psa.gov.ph/sites/default/files/Selected%20Statistics%20on%20Agriculture%202016.pdf)

²Tiamson, Erwin L. "Freeing the Land Market: How Legal Restrictions Hamper Agricultural Development and Poverty Reduction." Foundation for Economic Freedom, February 2016.

This bill seeks to remove the current restrictions on agricultural free patents under the Public Land Act to make these agricultural land titles immediately tradable and bankable.

In view of this, the urgent passing of this bill is thus earnestly sought.



ORESTES T. SALON
Sectoral Representative
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DELPHINE GAN-LEE
Sectoral Representative
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AN ACT
REMOVING THE RESTRICTIONS IN THE REGISTRATION OF LAND TITLES UNDER
SECTIONS 118, 119, AND OTHER RESTRICTIONS AGAINST ENCUMBRANCE OR
ALIENATION ON FREE PATENTS ISSUED UNDER SECTION 44 OF COMMONWEALTH
ACT NO. 141 OR THE PUBLIC LAND ACT, AS AMENDED

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

Section 1. Title. - This act shall be known as the "Agricultural Free Patent Reform Act of 2017."

Section 2. Declaration Policy. - It is the policy of the State to remove the restrictions on free patent to allow the efficient and effective utilization of these lands to contribute to wealth creation, entrepreneurship, and economic development.

Section 3. Removal of Restrictions. - Agricultural public lands alienated or disposed in favor of qualified public land applicants under Section 44 of Commonwealth Act No. 141, as amended, shall not be subject to restrictions regarding encumbrances, conveyances, transfers, or dispositions imposed under Section 118 and 119 thereof. Agricultural free patent shall now be considered as title in fee simple and shall not be subject to any restriction against encumbrance or alienation.

Section 4. Retroactive Effect. - This Act shall have retroactive effect and any restriction regarding encumbrances, conveyances, transfers, or dispositions, imposed on agricultural free patents issued under Section 44 of Commonwealth Act No. 141, as amended before the effectivity of this Act shall be removed and are hereby immediately lifted.

Section 5. Separability Clause. - Should any provision of this Act be subsequently declared as unconstitutional, the same shall not affect the validity or the legality of the other provisions.

Section 7. Effectivity. - This Act shall take effect fifteen (15) days after publication in the Official Gazette or two (2) newspapers of general circulation.

Approved,