

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. **6393**



Introduced by Representative GLORIA MACAPAGAL ARROYO

AN ACT
GRANTING ONE-TIME CONDONATION OF INTEREST ARREARAGES AND
PENALTIES IN FAVOR OF QUALIFIED LOCAL WATER DISTRICTS (LWDs)
PERTAINING TO THEIR LOANS WITH THE LOCAL WATER UTILITIES
ADMINISTRATION (LWUA)

EXPLANATORY NOTE

This bill seeks to grant a one-time condonation of interest arrearages and penalties assessed against local water districts (LWDs) pertaining to their late payment or non-payment of their loan amortizations to the Local Water Utilities Administration (LWUA).

Under Presidential Decree No. 198 (PD 198), as amended, otherwise known as the "Provincial Water Utilities Act of 1973", it was declared appropriate, necessary and advisable that all funding requirements of LWDs should be channeled through and administered by the LWUA, which is responsible for and has the authority to promulgate and enforce certain rules and regulations to achieve national goals and the objective of providing public waterworks services to the greatest number at the least cost.

Pursuant to the said national policy and Section 61 of PD 198, as amended, the LWUA provides financial assistance in the form of loans to qualified LWDs at reasonable interest rates to finance the latter's expansion projects subject to various conditions and procedures.

It has been observed that a number of LWDs which availed of the LWUA's loans could no longer make the necessary loan amortizations on time due to lack of funds thereby incurring substantial loan arrearages, interest arrearages and penalties and eventually affecting the quality of services they provide to their concessionaires.

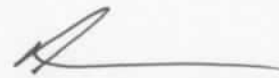
The loan interest arrearages and penalties, if paid, will have to be recovered through the water rates charged against the LWDs' concessionaires for the water supplied to them.

In order for the said LWDs to operate more effectively and efficiently, a one-time condonation of the interest arrearages and penalties assessed against them by the LWUA for late payment or non-payment of their loan amortizations has to be undertaken as another form of assistance to LWDs.

The condonation of the said loan interest arrearages and penalties assessed against the qualified LWDs would give them some savings which may be re-channelled to other expansion projects that would eventually contribute to the improvement of the service they provide to their concessionaires and, more importantly, prevent increase in the water rates of LWDs.

Hence, the need to grant in favor of qualified LWDs a one-time condonation of interest arrearages and penalties assessed by the LWUA on their outstanding loans.

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



GLORIA MACAPAGAL ARROYO
2nd District, Pampanga

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

SECTION 1. **Short Title.** – This Act shall be known as the “Condonation of Loan Interest Arrearages and Penalties in Favor of LWDs Act of 2017.”

Sec. 2. **Declaration of Policy.** – It is hereby declared the policy of the State:

- a) To ensure the effective and efficient operation of the LWDs in the country; and
- b) To ensure that the LWDs provide a quality service to its concessionaires at reasonable cost.

Sec. 3. **Scope.** – This Act shall provide framework for the granting of one-time condonation of outstanding interest arrearages and penalties in favor of qualified LWDs. The subject interest arrearages and penalties are being assessed by the LWUA against the said LWDs in connection with their loans with the former that are outstanding as of the effectivity of this Act.

Sec. 4. **Qualified LWDs.** – LWDs that are qualified for the one-time condonation of the loan interest arrearages and penalties assessed by the LWUA shall be those which have no enough financial capacity to pay on time their loan amortization as may be determined by the LWUA. The LWUA shall come up with an updated list of LWDs, which qualify for the one-time condonation of loan interest arrearages and penalties.

Sec. 5. **One-Time Condonation.** – The condonation of loan interest arrearages and penalties shall be undertaken only once to assist qualified water districts in updating their loan amortizations to the LWUA. After the said condonation, the LWDs benefitted thereby shall no longer be qualified to another condonation of similar nature in the future.

Sec. 6. **Implementing Rules and Regulations.** – The LWUA shall promulgate the Implementing Rules and Regulations (IRR) of the Act within six (6) months from the effectivity of this Act.

Sec. 7. ***Separability Clause.*** – If for any reason, any provision of this Act is declared unconstitutional or invalid, the remainder of this Act or any provision hereof not affected thereby shall remain in full force and effect.

Sec. 8. ***Applicability and Repealing Clause.*** – The provisions of PD 198, as amended, shall continue to have full force and effect except insofar as they are inconsistent with this Act.

Sec. 9. ***Effectivity Clause.*** – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,