

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Seventeenth Congress
_____ Session

H.B. No. **7008**



Introduced by Congressman Dakila Carlo E. Cua

**AN ACT ALLOWING THE CONVERSION OF IRRIGATED
LANDS IN THE PHILIPPINES, IMPOSING FEES AND
PENALTIES, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

This bill seeks to allow the conversion of irrigated lands within the Philippines for non-agricultural use, and imposing fees on said conversion, and penalties for the failure to develop converted lands within a specified period.

It has been the policy of the State to promote social justice and to move the nation toward sound rural development and industrialization. For many years, the Government has spent billions and trillions of Pesos to irrigate our rural lands in order to benefit our local communities. However, many of these irrigation projects were wasted as many irrigated lands fell into the ownership of scrupulous businessmen who were able to convert the lands for very small fees.

Furthermore, many projects that would have contributed to legitimate rural development were denied due to strict policies against conversion of irrigated lands for non-agricultural purposes.

In this regard, this representation humbly proposes to allow the conversion of irrigated lands for non-agricultural purposes, subject to limitations, conditions, and fees as prescribed in this Act.


DAKILA CARLO ENRIQUEZ CUA

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

Section 1. *Conversion of Irrigated Lands.* Notwithstanding any laws, executive orders, presidential decrees, implementing rules and regulations, administrative orders and issuance to the contrary, irrigated lands within the Philippines may be converted for non-agricultural use, subject to the procedures, conditions, fees, and penalties prescribed under this Act.

Section 2. *Procedures for Conversion of Irrigated Lands.* All application for conversion of irrigated lands shall comply with the following procedures:

- a) The landowner shall file with the Department of Agrarian Reform ("DAR") an Application for Conversion that conforms with the requisites prescribed under Section 3 hereof;
- b) The applicant-landowner shall pay the fees prescribed under Section 5 hereof;
- c) The DAR shall evaluate the Application to ensure compliance with the conditions prescribed under Section 4 hereof;
- d) The DAR shall approve the Application and issue the appropriate certificate in favor of the applicant-landowner upon his full payment of the prescribed fees and full compliance of all conditions set forth under this Act.

Section 3. *Application for Conversion.* The Application for Conversion shall declare the following:

1. Registered owner of the land sought to be converted;
2. A list of all farmers and farmworkers who have worked in the land in the last 3 years preceding the application;
3. The purpose, project, or development upon which the land is sought to be converted;
4. The developer, contractor, and subcontractors hired to construct the project;
5. The economic value and the total estimated cost of the project;

6. The period within which to fully finish the development of the project; and
7. The Internal Rate of Return ("IRR") of the Project, computed based on the net present value of all costs and expected returns of the project.

Section 4. *Conditions for Conversion.* All application for conversion must comply with all the following conditions:

1. The land sought to be converted must not be a protected area identified under the laws;
2. Settlement of all obligations to the government in relation to the subject land;
3. The IRR of the proposed project or development must exceed the minimum acceptable IRR prescribed by the DAR;
4. The project or development must demonstrate greater economic value for residential, commercial, or industrial purpose;
5. The applicant and the contractor/s shall post a bond in the amount equivalent to 10% of the total estimated cost of the project, and the release of which is conditioned upon the full completion of the project within the period specified under the application; and
6. Payment of compensation in the amounts to be prescribed by the DAR in favor of all displaced farmers and farmworkers.

Section 5. *Conversion Fee.* All conversions under this Act shall be imposed a conversion fee equivalent to the Consumer Price Index (CPI) adjusted historical costs spent by the Government in irrigating the land sought to be converted.

Section 6. *Penalty.* In addition to the forfeiture of the bond prescribed under Section 4 hereof, a penalty equivalent to ten percent (10%) of the conversion fee shall be imposed per annum against the landowner, developer, and the contractors should they fail to fully develop the land within the period stated in the application.

Section 7. *Separability Clause.* – If any of the sections or provisions of this Act is held invalid, all other provisions not affected thereby shall remain valid.

Section 8. *Implementing Rules and Regulations.* Within 30 days from the effectivity of this Act, the DAR shall promulgate the rules and regulations to effectively implement this Act.

Section 9. *Non-impairment Clause.* Nothing in this Act shall be construed as to diminish, impair, or repeal rights recognized, granted, or made available to disadvantaged, marginalized, or specific sectors under existing laws.

Section 10. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations or parts or provisions thereof which are not consistent with this Act are hereby repealed, amended, or modified accordingly.

Section 11. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,