

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

House Bill No. 3797



Introduced by **Representative JOEY SARTE SALCEDA**

AN ACT
EMANCIPATING AGRARIAN REFORM BENEFICIARIES FROM DEBT
THROUGH THE FREE AWARD OF AGRICULTURAL LANDS UNDER THE
COMPREHENSIVE AGRARIAN REFORM PROGRAM, APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

The emancipation of 654,000 agrarian reform beneficiaries, possessing or overseeing a total of 1.18 million hectares of awarded lands is among the highest presidential priorities of President Ferdinand Marcos Jr., as emphasized in his first State of the Nation Address.

This measure, first proposed by this representation in the 1990s, then as a private sector analyst, and later officially to the Cabinet in 2007 during his stint in the Arroyo administration as Presidential Chief of Staff, is long overdue, and will cost the government only some P58.125 billion in receivables that the government has found difficult to collect anyway.

However, the productive capacities that such emancipation will unlock far outweigh the fiscal implications, which have already been incurred anyway. National Scientist and economist Raul Fabella estimates that, in 2019 alone, the economy lost P390 billion in economic activity due to suboptimal use of agrarian reform lands.

The debt burden has also meant that farmers are “married to their land” rather than economically uplifted, which was the initial purpose of the Comprehensive Agrarian Reform Program. The ARBs’ obligations for the land transferred to them under the CARP are imposed an annual interest of 6 percent and should be paid in 30 years. However, only 17 percent of ARBs are paying their amortization, resulting in massive loan defaults. As such, liens and encumbrances are attached to their lands, making these beneficiaries unable to sell their lands, and making such lands idle in the absence of a financial capable or willing farmer to exploit them.

This proposal will release farmers from debt and release lands from unproductive possession by condoning agrarian reform debts, lifting liens and encumbrances on agrarian reform land. This will allow the transfer of such lands to younger farmers or more efficient

users, allow existing ARBs to collateralize their land for productive credit, and unlock transfer taxes for the national government.

The proposal also includes an estate tax amnesty as an incentive for those who have paid part of their amortizations, until June 30, 2025. The proponent expects the measure to yield P6.1 billion in additional estate tax collections every year.

The proposal also mandates the Department of Agriculture and the Department of Agrarian Reform to compile a list of support programs where ARBs that have paid part of their amortizations will be given preference to. This will serve as an equalizing provision for those who have exerted efforts to pay at least part of their amortizations.

The proposal also includes the issuance of titles to ARBs, consistent with the recommendations of leading economists that the provision be attached to debt emancipation.

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



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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 shall be known as the “New Agrarian Emancipation Act.”

SEC. 2. *Condonation of the Agrarian Reform Debt.* – The existing loan of Agrarian Reform Beneficiaries due to unpaid amortization or interest shall be condoned. All unpaid amortizations and interests, including penalties or surcharges, if any, due from loans secured under the Comprehensive Agrarian Reform Program (CARP) or from other agrarian reform programs are hereby condoned by the Government, relieving all ARBs from the payment thereof thereby amending Section 26 of Republic Act No. 6657, as amended, Section 6 of Executive Order No. 228 of 1987, as well as the pertinent provisions of other agrarian reform laws: Provided,, That the Landbank of the Philippines and other relevant government financial institutions shall issue the appropriate certification to the agrarian reform beneficiary, after the write-off of the principal, unpaid interest, penalties and surcharges condoned to facilitate the immediate issuance of a certificate of land title ownership to the concerned agrarian reform beneficiaries: Provided, further, that condonation as provided herein shall lift all related liens and encumbrances attached to the land acquired.

SEC. 3. *Termination of Payment of Compensation by Agrarian Reform Beneficiaries (ARBS) Under Voluntary Land Transfer.* – The financial obligation of the ARBs to pay the value of the awarded land to the landowners acquired under the voluntary land transfer scheme is hereby extinguished thereby amending Section 20 of Republic Act No. 6657, as amended. Payment of the remaining balance of the compensation due the concerned landowners under the voluntary land transfer scheme, if any, shall be paid by the Government from the Agrarian Reform Fund through the Land Bank of the Philippines (LBP).

SEC. 4. *Free Land Distribution to Agrarian Reform Beneficiaries.* – Agrarian Reform Beneficiaries who are still to receive their awarded lands under the Comprehensive Agrarian Reform Program or any other agrarian reform program shall do so without any obligation to pay any amortization. All agricultural lands covered under the CARP or any other agrarian reform program which have not been distributed at the time of effectivity of this Act, shall be distributed at no cost to the qualified beneficiaries.

SEC. 5. *Broadened Scope of Support Services to Agrarian Reform Beneficiaries Under the Comprehensive Agrarian Reform Program.* – In addition to the support services available to the ARBs under Section 37 of R.A. No. 6657, as amended, the DAR, together with the Presidential Agrarian Reform Council (PARC), shall ensure that support services and assistance indispensable to agricultural productivity and resiliency, enterprise development, and financial literacy of the ARBs, as well as the need for sustenance, dwelling, clothing, medical assistance, education, transportation, among others, of such beneficiaries and their families. Any form of support services rendered by any banking or financial institution for the benefit of the beneficiaries and their families shall be deemed a form of support under the Agrarian Reform Program thereby amending Section 37 of Republic Act No. 6657, as amended.

This Section is without prejudice to the support services available to ARBs from other National Government Agencies.

SEC. 6. *Preference to Credit Facilities and Support Services for Beneficiaries with Paid Amortizations.* – Agrarian Reform Beneficiaries who have completed payment of the amortization schedule and the payment of interest charges under Section 26 of Republic Act No. 6657, as amended, Section 6 of Executive Order No. 228 of 1987, and other agrarian reform laws shall be given preference in the provision of support services and access to credit facilities.

The Department of Agriculture, the Department of Agrarian Reform, and other relevant agencies, shall compile and promulgate a list of services and credit facilities where such preference shall be given within ninety (90) days upon the effectivity of this Act.

SEC. 7. *Estate Tax Amnesty Extension for Beneficiaries with paid amortizations.* – Agrarian Reform Beneficiaries who have paid any portion of the amortization schedule and interest charges under Section 26 of Republic Act No. 6657, as amended, and other agrarian reform laws prior to the effectivity of this Act shall be entitled to an Estate Tax Amnesty until June 30, 2025. The agrarian reform lands of such beneficiaries may, as estates, enjoy the immunities and privileges of the Estate Tax Amnesty and pay an estate amnesty tax at the rate of six percent (6%) based on the decedent's total net estate at the time of death: Provided, That if an estate tax return was previously filed with the Bureau of Internal Revenue, the estate tax rate of six percent (6%) shall be based on net undeclared estate.

The provisions of the National Internal Revenue Code of 1997, as amended, or the applicable estate tax laws prevailing at the time of death of the decedent, on valuation, manner of computation, and other related matters shall apply suppletorily, at the time of the entitlement: Provided, further, That if the allowable deductions applicable at the time of death of the decedent exceed the value of the gross estate, the heirs, executors, or administrators may avail of the benefits of tax amnesty under this Section, and pay the minimum estate amnesty tax of Five thousand pesos (₱5,000).

The Department of the Interior and Local Government shall also encourage local government units to enact Local Tax Amnesties on real property taxes and other transfer taxes of qualified Agrarian Reform Beneficiaries under this Section.

SEC. 8. *Issuance of Agrarian Reform Title.* – The proper Registry of Deeds shall issue the Emancipation Patent, the Certificate of Land Ownership Award, or any other title based on the applicable agrarian reform law within sixty (60) days from the registration of the title in the name of the Republic of the Philippines.

SEC. 9. *Condition for Availing of the Benefits under this Act.* – It is indispensable that an ARB shall continuously exhibit the willingness, aptitude, and ability to cultivate and make the awarded land as productive as possible as provided under Section 22 of R.A. No. 6657, as amended, in order for said beneficiary to avail of all the benefits under this Act.

SEC. 10. *Restitution of the Agrarian Reform Award Forfeited Solely due to Non-Payment of Annual Amortization and Interest.* – Any pending administrative or judicial case involving the forfeiture by the DAR of the agrarian reform award solely due to the failure of an ARB to pay the thirty-year amortization plus six percent (6%) annual interest shall immediately be dismissed *motu proprio*, by the office or the court. The execution of a final and executory administrative or judicial case decision due to the failure of an ARB to pay the thirty-year amortization plus six percent (6%) annual interest resulting to the disqualification of the ARB, the cancellation of the agrarian reform title, the extinguishment of the rights of possession and ownership of the awarded land, as well as the removal of the person from the awarded land or the dismantling of any improvements found therein, shall be immediately terminated, the agrarian reform award immediately restored, and the forfeiture decision accordingly reversed. Any agrarian reform title cancelled as a result of the final and executory administrative or judicial case decision shall immediately be reconstituted. In the event that the agricultural land has already been awarded to another beneficiary, the DAR shall as far as equitable award another land to the disqualified ARB.

SEC. 11. *Disqualification of Agrarian Reform Beneficiaries due to Acts and Omissions constituting Violations of Agrarian Reform Laws.* – Any person convicted by final judgment of any of the prohibited acts and omissions under Section 73 and meted any of the penalties under Section 74 of Republic Act No. 6657, as amended, is disqualified to avail of the benefits under this Act. Disqualification also results for any determination by final judgement that the ARB, in violation of Section 22 of R.A. No. 6657, as amended, failed to continuously exhibit the willingness, aptitude, and ability to cultivate and make the awarded land as productive as possible or has neglected or abandoned the awarded land continuously for a period of two (2) calendar years.

SEC. 12. *Right of the Landowner to Just Compensation.* – Nothing herein shall diminish the right of landowners to be justly compensated for their agricultural lands acquired under the said program.

SEC. 13. *Implementing Rules and Regulations (IRR).* – The DAR, with the technical assistance of the Land Bank of the Philippines (LBP), shall, within sixty (60) days from the effectivity of this Act, formulate the necessary Implementing Rules and Regulations (IRR).

SEC. 14. *Agency Support.* – All other government offices and agencies are directed to render such prompt and necessary assistance, subject to applicable laws, rules, and regulations, to fully implement the provisions of this Act.

SEC. 15. *Funding.* – The amount necessary for the implementation of this Act shall be charged against the Agrarian Reform Fund. The funding requirements for the implementation of this Act shall be included in the annual budget of the DAR through the LBP.

SEC. 16. *Separability clause.* – In the event that any provision of this Act or any part hereof is declared invalid, illegal, or unconstitutional, the provisions not thereby affected shall remain in full force and effect.

SEC. 17. *Repealing clause.* – All issuances or parts thereof that are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 18. *Effectivity clause.* – This Act shall take effect fifteen (15) days after its publication in two (2) newspapers of national circulation.

Approved,