



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
Second Regular Session

HOUSE BILL NO. 11079



Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian K. Romualdez and Jude A. Acidre

AN ACT
PROMOTING THE PRODUCTIVE UTILIZATION OF IDLE LANDS
THROUGH TAX REFORMS, INCENTIVES FOR AGRICULTURAL USE,
AND PARTNERSHIPS WITH FARMERS AND COOPERATIVES,
AMENDING PERTINENT PROVISIONS OF THE LOCAL GOVERNMENT
CODE OF 1991, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Land is one of the most vital resources of the Philippines. Yet vast tracts of land across the country remain idle, underutilized, or deliberately held for speculative purposes. According to data from the Philippine Statistics Authority (PSA), the total farm area in the country was estimated at around 7.27 million hectares based on the 2012 Census of Agriculture and Fisheries, highlighting the vast land resources available for agricultural production¹. Despite the country's vast agricultural potential, a significant portion of cultivable land remains idle or underutilized due to various constraints such as absentee landownership, financial limitations, lack of labor, or insufficient technical support². Idle lands worsen food insecurity, deny local governments potential revenues, and contribute to inequitable land ownership.

¹ Philippine Statistic Authority. Technical Notes on the Census of Agriculture and Fisheries (CAF).

² Lebrilla, M. 2016. Idle Land Tax: Implementation Issues and Challenges. Congressional Policy and Budget Research Department.

The Constitution recognizes the duty of the State to promote the equitable distribution and productive use of land to advance national development. While the Republic Act No. 7160 or otherwise known as “Local Government Code of 1991” already authorizes local governments to impose taxes on idle lands, the existing framework has proven insufficient to deter speculative landholding or prolonged neglect of cultivable land.

At the same time, many landowners are unable to cultivate their lands due to financial limitations, lack of labor, or absence from rural areas. However, these lands could be productively utilized by tenant farmers, agrarian reform beneficiaries, and agricultural cooperatives if appropriate institutional mechanisms and incentives were established.

This measure therefore adopts a balanced and integrated approach to idle land reform. First, it strengthens idle land taxation to discourage land hoarding and speculative holding. Second, it introduces tax incentives and relief measures for landowners who voluntarily allow farmers, agrarian reform beneficiaries, or agricultural cooperatives to cultivate idle lands through formal utilization agreements. Third, it establishes a policy framework to facilitate land matching, support agricultural production, and ensure that idle lands contribute to national food security.

The bill also provides for the allocation of revenues generated from idle land taxation to support agricultural modernization programs of the Department of Agriculture and land reform support services of the Department of Agrarian Reform. These resources will help farmers gain access to credit, farm inputs, and technical assistance necessary to ensure the productivity of newly utilized lands.

By transforming idle lands into productive agricultural assets, the State can increase domestic food production, expand opportunities for small farmers, stimulate rural economies, and promote equitable and sustainable land use.

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



FERDINAND MARTIN G. ROMUALDEZ



YEDDA MARIE K. ROMUALDEZ



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JUDE A. ACIDRE



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

SECTION 1. Short Title. – This Act shall be known as the “*Idle Agricultural Lands Utilization Act.*”

SEC 2. Declaration of Policy. — It is hereby declared the policy of the State to promote the productive utilization of all cultivable agricultural lands, strengthen national food security and agricultural productivity, and expand opportunities for farmers, tenants, and agricultural cooperatives to access land for cultivation. Toward this end, the State shall encourage voluntary land-sharing and utilization

arrangements between landowners and agricultural producers, while discouraging the prolonged neglect of agricultural lands that can otherwise contribute to increased food production, rural employment, and sustainable agricultural development.

SEC 3. Definition of Terms. — For purposes of this Act:

- a) *Idle Agricultural Land* refers to privately owned agricultural land suitable for cultivation that has remained uncultivated, unplanted, or unused for agricultural production for a continuous period of at least two (2) years, except for lands undergoing soil rehabilitation, fallowing, or affected by force majeure.
- b) *Landowner* refers to any individual, corporation, or juridical entity holding legal title or ownership of agricultural land.
- c) *Utilization Agreement* refers to a formal written agreement between a landowner and a tenant, farmers' association, or cooperative allowing the cultivation or productive use of idle agricultural land.

SEC 4. Strengthening the Idle Land Tax — Section 236 of Republic Act No. 7160, otherwise known as the “Local Government Code of 1991”, is hereby amended to read as follows:

“[A] The province [or] city, or a municipality within the Metropolitan Manila Area, may levy an annual tax on idle lands at a rate of not [exceeding] **LESS THAN five percent (5%) BUT NOT MORE THAN TEN PERCENT (10%)** of the assessed value of the property [which shall be], in addition to the basic real property tax.

IDLE RURAL AGRICULTURAL LANDS EXCEEDING FIFTY (50) HECTARES HELD BY NATURAL OR JURIDICAL PERSONS FOR SPECULATIVE PURPOSES SHALL BE SUBJECT TO AN ADDITIONAL SURTAX OF TWO PERCENT (2%) OF THEIR ASSESSED VALUE”

SEC 5. Tax Incentives for Landowners. — Landowners who convert idle agricultural lands into productive use or allow their lands to be cultivated by tenant farmers, agrarian reform beneficiaries, or agricultural cooperatives shall be entitled to the following incentives:

- a) Tax amnesty on idle land surtaxes for a period of three (3) years;
- b) Tax credits equivalent to up to twenty percent (20%) of the assessed idle land tax value applicable to future real property tax liabilities;
- c) Priority access to agricultural support programs of the Department of Agriculture.

SEC 6. Agricultural Land Utilization Agreements. — Landowners may voluntarily enter into land utilization agreements with farmers' organizations, agrarian reform beneficiaries, or cooperatives registered with the Cooperative Development Authority.

These agreements shall:

- a) Allow the cultivation or productive use of idle lands;
- b) Specify duration, compensation arrangements, and production sharing;
- c) Be registered with the concerned local government unit.

SEC 7. Role of Local Government Units (LGUs). — The local government units shall assist in identifying idle agricultural lands within their jurisdiction, facilitate land matching between landowners and farmers, monitor compliance with utilization agreements, and provide necessary support services to farmers participating in land utilization arrangements under this Act.

SEC 8. Allocation of Idle Land Tax Revenues. — The collected idle land taxation shall proceed and allocated as follows;

- a) Fifty percent (50%) to the local government unit where the land is located;
- b) Thirty percent (30%) to the Department of Agriculture for agricultural modernization programs; and

- c) Twenty percent (20%) to the Department of Agrarian Reform for land reform support services and rural development.

SEC 9. Implementing Rules and Regulations. — Within ninety (90) days from the effectivity of this Act, the Department of Agriculture (DA), in coordination with the Department of Agrarian Reform (DAR), Department of Finance, Department of the Interior and Local Government (DILG) and concerned agencies, shall promulgate the necessary rules and regulations for its effective implementation.

SEC 10. Appropriations. — The amount necessary to implement this Act shall be included in the annual General Appropriations Act.

SEC 11. Separability Clause. — If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall remain in full force and effect.

SEC 12. Repealing Clause. — All laws, decrees, executive orders, rules, and regulations inconsistent with this Act are hereby repealed or modified accordingly.

SEC 13. Effectivity. — This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approve,