

RECORD OF PLENARY PROCEEDINGS

NO. 24

Wednesday, October 27, 2004

CALL TO ORDER

At 4:00 p.m., Deputy, Speaker Emilio R. Espinosa Jr. called the session to order.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is now called to order.

NATIONAL ANTHEM

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Everybody will please rise to sing the Philippine National Anthem.

Everybody rose to sing the Philippine National Anthem.

PRAYER

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Everybody will please remain standing for the silent prayer.

Everybody remained standing for the silent prayer.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Thank you.
The Dep. Majority Leader is recognized.

REP. ABAYON. Mr. Speaker, I move that we defer the calling of the roll.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection?
(Silence) The Chair hears none; the motion is approved.

REP. ABAYON. Mr. Speaker, I move that we defer the approval of the Journal of the previous session.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

REP. ABAYON. Mr. Speaker, I move that we now proceed to the Reference of Business.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General will please read the Reference of Business.

REFERENCE OF BUSINESS

The Secretary General read the following House Bills on First Reading, and the Deputy Speaker made the corresponding references:

BILLS ON FIRST READING

House Bill No. 3079, entitled:

“AN ACT AMENDING SECTION SIXTY-THREE OF REPUBLIC ACT NUMBERED SIXTY-NINE SEVENTY-FIVE, OTHERWISE KNOWN AS THE ‘DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT ACT OF 1990’ BY INSERTING THERETO A PARAGRAPH PROVIDING FOR THE ESTABLISHMENT OF AN INTEGRATED JAIL FACILITY IN METROPOLITAN MANILA AND OTHER HIGHLY URBANIZED CENTERS IN THE COUNTRY, AND FOR OTHER PURPOSES”

By Representative Espino

TO THE COMMITTEE ON JUSTICE

House Bill No. 3080, entitled:

“AN ACT CONVERTING THE SUMULONG-GUINAYANGAN PROVINCIAL ROAD IN THE MUNICIPALITIES OF CALAUAG AND GUINAYANGAN, PROVINCE OF QUEZON INTO ANATIONAL ROAD AND APPROPRIATING FUNDS FOR THE IMPROVEMENT AND MAINTENANCE THEREOF”

By Representative Tañada

TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3081, entitled:

“AN ACT CONVERTING THE TAGKAWAYAN MUNICIPAL HIGH

SCHOOL, LOCATED IN THE MUNICIPALITY OF TAGKAWAYAN, PROVINCE OF QUEZON INTO A NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Tañada

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3082, entitled:

“AN ACT INCREASING THE RATES OF EXCISE TAX ON ALCOHOL AND TOBACCO PRODUCTS, AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED”

By Representative Mercado

TO THE COMMITTEE ON WAYS AND MEANS

House Bill No. 3083, entitled:

“AN ACT TO RATIONALIZE THE PAY FOR THE GOVERNMENT SERVICE INSURANCE SYSTEM, AMENDING FOR THE PURPOSE THE GOVERNMENT SERVICE INSURANCE SYSTEM ACT OF 1997, AS AMENDED”

By Representative Mercado

TO THE COMMITTEE ON GOVERNMENT ENTERPRISES AND PRIVATIZATION

House Bill No. 3084, entitled:

“AN ACT SEPARATING THE PELAWAY NATIONAL HIGH SCHOOL IN BARANGAY PELAWAY, MUNICIPALITY OF ALFONSO CASTAÑEDA, PROVINCE OF NUEVA VIZCAYA FROM THE ALFONSO CASTAÑEDA NATIONAL HIGH SCHOOL IN THE SAME MUNICIPALITY AND PROVINCE AND CONVERTING IT INTO AN INDEPENDENT NATIONAL HIGH SCHOOL TO BE KNOWN AS CASECNAN NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Agbayani

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3085, entitled:

“AN ACT PROVIDING FOR THE REHABILITATION AND RENOVATION OF THE SAMAR PROVINCIAL HOSPITAL IN THE MUNICIPALITY OF CATBALOGAN, PROVINCE OF SAMAR AND APPROPRIATING FUNDS THEREFOR”

By Representative Figueroa
TO THE COMMITTEE ON HEALTH AND THE COMMITTEE ON
APPROPRIATIONS

House Bill No. 3086, entitled:

“AN ACT BANNING THE MANUFACTURE OF PLASTIC BAGS,
PROVIDING PENALTIES THEREFOR AND FOR OTHER PURPOSES”

By Representative Figueroa
TO THE COMMITTEE ON ECOLOGY

House Bill No. 3087, entitled:

“AN ACT CREATING FOUR (4) ADDITIONAL REGIONAL TRIAL
COURTS IN THE PROVINCE OF CAVITE WITH SEATS AT
DASMARIÑAS, IMUS AND TRECE MARTIRES CITY AS WELL AS
THREE (3) ADDITIONAL MUNICIPAL TRIAL COURTS IN
DASMARIÑAS AND IMUS, CAVITE, AMENDING FOR THE
PURPOSE PARAGRAPH (e), SECTION 14 AS WELL AS SECTION
29 OF BATAS PAMBANSA BLG. 129, AS AMENDED,
OTHERWISE KNOWN AS THE ‘JUDICIARY REORGANIZATION
ACT OF 1980’ AND APPROPRIATING FUNDS THEREFOR”

By Representative Remulla (G.)
TO THE COMMITTEE ON JUSTICE AND THE COMMITTEE ON
APPROPRIATIONS

House Bill No. 3088, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL IN BARANGAY
BALETE, MUNICIPALITY OF KAYAPA, PROVINCE OF NUEVA
VIZCAYA TO BE KNOWN AS NAPO-TUYAK NATIONAL HIGH
SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Agbayani
TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE
COMMITTEE ON APPROPRIATIONS

House Bill No. 3089, entitled:

“AN ACT ESTABLISHING A NATIONAL HIGH SCHOOL AT BARANGAY
BINALIAN, MUNICIPALITY OF KAYAPA, PROVINCE OF NUEVA
VIZCAYA TO BE KNOWN AS THE BINALIAN INTEGRATED
NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS
THEREFOR”

By Representative Agbayani
TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE
COMMITTEE ON APPROPRIATIONS

House Bill No. 3090, entitled:

“AN ACT SEPARATING THE KAYAPA NATIONAL HIGH SCHOOL-ANNEX IN BARANGAY BOLO, ALANG SALACSAC, MUNICIPALITY OF KAYAPA, PROVINCE OF NUEVA VIZCAYA FROM THE KAYAPA NATIONAL HIGH SCHOOL IN THE SAME MUNICIPALITY AND PROVINCE AND CONVERTING IT INTO AN INDEPENDENT NATIONAL HIGH SCHOOL TO BE KNOWN AS THE MARTINEZ CUYUNGAN NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Agbayani

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3091, entitled:

“AN ACT AUTHORIZING THE EQUAL REPRESENTATION OF THE NFA, RICE MILLERS AND FARMERS IN THE IMPORTATION OF RICE AND PRODUCTION OF LOCAL CROPS AND PROVIDING FOR A TREASURY CROP CERTIFICATE SYSTEM IN THE PROCUREMENT OF GRAINS BY THE NATIONAL FOOD AUTHORITY GUARANTEED BY THE DEPARTMENT OF FINANCE, FOR THE REALIZATION OF A HARMONIOUS RELATIONSHIP AMONG THE THREE SECTORS”

By Representative Pancho

TO THE COMMITTEE ON AGRICULTURE AND FOOD

House Bill No. 3092, entitled:

“AN ACT DECLARING THE TWENTY SEVENTH DAY OF JULY OF EVERY YEAR A SPECIAL NATIONAL HOLIDAY IN OBSERVANCE OF THE FOUNDING ANNIVERSARY OF THE IGLESIA NI CRISTO (INC) AND FOR OTHER PURPOSES”

By Representative Pancho

TO THE COMMITTEE ON REVISION OF LAWS

House Bill No. 3093, entitled:

“AN ACT SUSPENDING THE PERMIT OF THE METROPOLITAN WATERWORKS AND SEWERAGE SYSTEM TO UTILIZE THE WATER IN ANGAT DAM/RESERVOIR UNTIL SUCH TIME THAT IT HAS FULLY REMITTED TO THE PROVINCIAL GOVERNMENT OF BULACAN ITS ONE PERCENT (1%) SHARE FROM THE GROSS SALES OF WATER AS PROVIDED IN SECTION 291 OF THE LOCAL GOVERNMENT CODE”

By Representative Pancho
TO THE COMMITTEE ON GOVERNMENT ENTERPRISES AND
PRIVATIZATION

House Bill No. 3094, entitled:

“AN ACT CONVERTING THE MUNICIPALITY OF CABADBARAN INTO
A COMPONENT OF THE PROVINCE OF AGUSAN DEL NORTE TO
BE KNOWN AS THE CITY OF CABADBARAN”

By Representative Amante
TO THE COMMITTEE ON LOCAL GOVERNMENT

House Bill No. 3095, entitled:

“AN ACT DISESTABLISHING PORTIONS OF PUBLIC LAND IN
BARANGAY MALAUBANG, OZAMIZ CITY, PROVINCE OF
MISAMIS OCCIDENTAL, IDENTIFIED AS LOT NO. 4828, CAD 240,
MISAMIS CADASTRE CONTAINING AN AREA OF EIGHT
HUNDRED TWENTY-SEVEN THOUSAND SEVEN HUNDRED
FIFTY-FOUR SQUARE METERS (827,754 SQ. M.) PARTICULARLY
THE IDENTIFIED ONE HUNDRED SEVENTY-SIX THOUSAND
FOUR HUNDRED FIFTY EIGHT SQUARE METERS (176,458 SQ. M.)
MARKED AS ‘PHASE ONE’ PROJECT, AND OTHER SUITABLE
PORTIONS THEREIN, FROM A PUBLIC FOREST CATEGORY TO A
RESETTLEMENT AND SOCIALIZED HOUSING AREA AND
DECLARING THE SAME OPEN TO DISPOSITION AND
DEVELOPMENT UNDER REPUBLIC ACT NO. 7279, OTHERWISE
KNOWN AS THE HOUSING AND URBAN DEVELOPMENT ACT OF
1992, AND THE PUBLIC LAND ACT, AS AMENDED, AND FOR
OTHER PURPOSES”

By Representative Ramiro
TO THE COMMITTEE ON NATURAL RESOURCES

House Bill No. 3096, entitled:

“AN ACT ESTABLISHING COMPREHENSIVE RENTAL CONTROL ON
COMMERCIAL BUILDINGS AND SPACES, PROVIDING
PENALTIES FOR VIOLATION THEREOF AND FOR OTHER
PURPOSES”

By Representative Roquero
TO THE COMMITTEE ON HOUSING AND URBAN DEVELOPMENT

House Bill No. 3097, entitled:

“AN ACT ESTABLISHING A SOCIALIZED AND LOW-COST HOUSING
LOAN RESTRUCTURING PROGRAM, PROVIDING GUIDELINES

THEREFOR AND FOR OTHER PURPOSES”

By Representative Pingoy

TO THE COMMITTEE ON HOUSING AND URBAN DEVELOPMENT

House Bill No. 3098, entitled:

“AN ACT EXTENDING THE EFFECTIVITY OF THE RENT CONTROL LAW FOR CERTAIN RESIDENTIAL UNITS FOR ANOTHER FIVE (5) YEARS, AMENDING FOR THE PURPOSE THE ‘RENTAL REFORM ACT OF 2002’ ”

By Representative Pingoy

TO THE COMMITTEE ON HOUSING AND URBAN DEVELOPMENT

House Bill No. 3099, entitled:

“AN ACT AMENDING SECTION 111, PARAGRAPHS 16 AND 17, SUB-PARAGRAPHS (a) TO (g), (n) TO (o) OF PRESIDENTIAL DECREE 1529, OTHERWISE KNOWN AS THE PROPERTY REGISTRATION DECREE”

By Representative Baterina

TO THE COMMITTEE ON JUSTICE

House Bill No. 3100, entitled:

“AN ACT PROVIDING THAT PROCEEDS OF THE TRAVEL TAX AND PERCENTAGE TAX ON HOTELS EARMARKED FOR OR ADMINISTERED BY THE PHILIPPINE TOURISM AUTHORITY, AND NET PROFITS DERIVED FROM MERCHANDISING OPERATIONS OF DUTY AND TAX-FREE SHOPS SHALL ACCRUE ENTIRELY TO THE UNAPPROPRIATED GENERAL FUND OF THE NATIONAL GOVERNMENT”

By Representative Figueroa

TO THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3101, entitled:

“AN ACT PROVIDING FOR THE UPGRADING OF THE TRAINING PROGRAM FOR AGRICULTURAL EXTENSION WORKERS IN THE PROVINCE OF SAMAR AND APPROPRIATING FUNDS THEREFOR”

By Representative Figueroa

TO THE COMMITTEE ON AGRICULTURE AND FOOD

House Bill No. 3102, entitled:

“AN ACT ESTABLISHING A COMPREHENSIVE JUVENILE JUSTICE SYSTEM AND DELINQUENCY PREVENTION PROGRAM, CREATING THE OFFICES OF JUVENILE JUSTICE AND

DELINQUENCY PREVENTION, CHILDREN'S OMBUDSMAN,
APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES"

By Representative Cagas

TO THE COMMITTEE ON JUSTICE AND THE COMMITTEE ON
APPROPRIATIONS

House Bill No. 3103, entitled:

"AN ACT DECLARING TERRORISM AS HEINOUS CRIME, AMENDING
FOR THE PURPOSE THE REVISED PENAL CODE, AS AMENDED,
PROVIDING FOR THE PENALTIES THEREFOR AND FOR OTHER
PURPOSES"

By Representative Cagas

TO THE COMMITTEE ON JUSTICE

House Bill No. 3104, entitled:

"AN ACT REPEALING THE TAX AND DUTY EXEMPTIONS AND
PREFERENTIAL TREATMENT GRANTED TO GOVERNMENT AND
PRIVATE ENTITIES UNDER SPECIAL LAWS, WITH CERTAIN
EXCEPTIONS, AND FOR OTHER PURPOSES"

By Representative Cua (J.)

TO THE COMMITTEE ON WAYS AND MEANS AND THE COMMITTEE
ON TRADE AND INDUSTRY

House Bill No. 3105, entitled:

"AN ACT AMENDING SECTION 109 OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER
PURPOSES "

By Representative Baterina

TO THE COMMITTEE ON WAYS AND MEANS

House Bill No. 3106, entitled:

"AN ACT AMENDING SECTION 10 OF REPUBLIC ACT NO. 6728,
OTHERWISE KNOWN AS GOVERNMENT ASSISTANCE TO
STUDENTS AND TEACHERS IN PRIVATE EDUCATION (GASTPE)"

By Representatives Tañada, Nantes, Alcala and Suarez

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE
COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

House Bill No. 3107, entitled:

"AN ACT CONVERTING THE KATIPUNAN NATIONAL AGRICULTURAL
SCHOOL IN THE MUNICIPALITY OF KATIPUNAN AND ITS
EXTENSION CAMPUS IN SANA O, KATIPUNAN,

PROVINCE OF ZAMBOANGA DEL NORTE INTO A STATE COLLEGE TO BE KNOWN AS THE ZAMBOANGA DEL NORTE STATE COLLEGE OF AGRICULTURE AND TECHNOLOGY AND APPROPRIATING FUNDS THEREFOR”

By Representative Barinaga

TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3108, entitled:

“AN ACT RENAMING THE NATIONAL HISTORICAL INSTITUTE (NHI) TO NATIONAL HISTORICAL COMMISSION (NHC), INSTITUTIONALIZING REORGANIZATION THEREOF, PROVIDING FOR THE IMPROVEMENT AND STRENGTHENING OF ITS POWERS AND FUNCTIONS AND APPROPRIATING FUNDS THEREFOR”

By Representative Barinaga

TO THE COMMITTEE ON GOVERNMENT REORGANIZATION

House Bill No. 3109, entitled:

“AN ACT CONVERTING THE KATIPUNAN NATIONAL HIGH SCHOOL-SINUYAK ANNEX LOCATED IN BARANGAY SINUYAK IN THE MUNICIPALITY OF KATIPUNAN, PROVINCE OF ZAMBOANGA DEL NORTE INTO AN INDEPENDENT NATIONAL HIGH SCHOOL TO BE KNOWN AS THE SINUYAK NATIONAL HIGH SCHOOL AND APPROPRIATING FUNDS THEREFOR”

By Representative Barinaga

TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3110, entitled:

“AN ACT AUTHORIZING THE CREATION OF TWO (2) ADDITIONAL BRANCHES (BRANCH 3 & 4) OF THE MUNICIPAL TRIAL COURT (MTCC) IN THE CITY IN DIPOLOG CITY, PROVINCE OF ZAMBOANGA DEL NORTE”

By Representative Barinaga

TO THE COMMITTEE ON JUSTICE AND THE COMMITTEE ON APPROPRIATIONS

House Bill No. 3111, entitled:

“AN ACT CONVERTING THE KATIPUNAN NATIONAL HIGH SCHOOL ANNEX SITUATED IN BARANGAY MATAM, MUNICIPALITY OF KATIPUNAN, PROVINCE OF ZAMBOANGA DEL NORTE INTO AN INDEPENDENT NATIONAL HIGH SCHOOL TO BE KNOWN AS THE

GONZALO B. REINANTE MEMORIAL NATIONAL HIGH SCHOOL”
 By Representative Barinaga
 TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE
 COMMITTEE ON APPROPRIATIONS

House Bill No. 3112, entitled:

“AN ACT TO CONVERT THE DIPOLOG SCHOOL OF FISHERIES INTO
 ZAMBOANGA DEL NORTE SCHOOL FOR ADVANCED AQUATIC
 SCIENCES AND TECHNOLOGY, AND APPROPRIATING FUNDS
 THEREFOR”

By Representative Barinaga
 TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

House Bill No. 3113, entitled:

“AN ACT PROVIDING FOR MONTHLY ALLOWANCES FOR THE
 MEMBERS OF LUPONG TAGAPAMAYAPA AND THE PANGKAT NG
 TAGAPAGKASUNDO, AMENDING FOR THE PURPOSE THE LOCAL
 GOVERNMENT CODE OF 1991”

By Representative Barinaga
 TO THE COMMITTEE ON LOCAL GOVERNMENT

House Bill No. 3114, entitled:

“AN ACT CONVERTING THE ZAMBOANGA DEL NORTE NATIONAL
 HIGH SCHOOL ANNEX IN BARANGAY BARRA, DIPOLOG CITY,
 PROVINCE OF ZAMBOANGA DEL NORTE INTO AN INDEPENDENT
 NATIONAL HIGH SCHOOL TO BE KNOWN AS THE BARRA
 NATIONAL HIGH SCHOOL”

By Representative Barinaga
 TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE
 COMMITTEE ON APPROPRIATIONS

ADDITIONAL COAUTHORS

Rep. Antonio R. Floirendo Jr. for House Bill No. 287;
 Rep. Liza L. Maza for House Bills No. 337 and 1110;
 Rep. Darlene R. Antonino-Custodio for House Bill No. 1119;
 Rep. Leovigildo B. Banaag for House Bill No. 1562;
 Rep. Ernie D. Clarete for House Bill No. 1954;
 Rep. Guillermo P. Cua for House Bill No. 2085;
 Rep. Reynaldo S. Uy for House Bills No. 2941, 2964, 3008, 3016, 3017 and 3018;
 Rep. Bienvenido M. Abante Jr. for House Bill No. 3174;
 Reps. Florencio T. Miraflores, Rodriguez D. Dadivas, Isidro S. Rodriguez Jr.,

Oscar L. Gozos, Ernesto “Banzai” Nieva, Del R. De Guzman, Antonino P. Roman, Solomon R. Chungalao, Lorenzo R. Tañada III, Alfonso V. Umali Jr., Manuel N. Mamba, Arthur F. Celeste, Florencio L. Vargas, Cynthia A. Villar, Joey Sarte Salceda, Edcel C. Lagman, Benigno S. Aquino III, Matias V. Defensor Jr., Iggy T. Arroyo, Rafael P. Nantes, Constantino G. Jaraula, Simeon L. Kintanar, Nerissa Corazon Soon-Ruiz, Roger G. Mercado, Uy (R.), Catalino V. Figueroa, Remedios “Matin” L. Petilla, Harlin Cast. Abayon, Eduardo R. Gullas, Corazon N. Malanyaon, Benasing O. Macarambon Jr., Anuar J. Abubakar, Marcelino C. Libanan, Simeon A. Daturanong, Ace S. Barbers, Carmen L. Cari, Antonio P. Yapha Jr., Vincent J. Garcia, Cecilia G. Jalosjos-Carreon, Cesar G. Jalosjos, Trinidad “Ebbie” G. Apostol, Roberto C. Cajés, Prospero S. Amatong, Peter Paul Jed R. Falcon, Emilio C. Macias II, Abante, Raul T. Gonzalez Jr., Alfredo D. Maraño III, Tranquilino B. Carmona, Gerardo J. Espina Jr., Antonio M. Serapio, Generoso DC. Tulagan, Lorna C. Silverio, Reyline “Neneng” G. Nicolas, Ma. Milagros “Mitos” H. Magsaysay, Uliran T. Joaquin, Miles M. Rocés, Gerry A. Salapuddin, Manuel C. Ortega, Danilo E. Suarez, Herminia M. Ramiro, Clarete, Belma A. Cabilao, Danilo P. Lagbas, Arrel R. Olaño, Gregorio T. Ipong, Glenda B. Ecleo, Faysah Maniri-Racman Dumarpa, Eufrocino M. Codilla Sr., Herminio G. Teves, Suharto “Teng” T. Mangudadatu, Emmylou J. Taliño-Santos, Ma. Angelica Rosedell M. Amante, Abdullah D. Dimaporo, Mauricio G. Domogan, Eleuterio R. Violago, Luis P. Bersamin Jr., Wilhelmino M. Sy-Alvarado, Faustino “Bojie” G. Dy III, Rizalina Seachon-Lanete, Rodolfo W. Antonino, Ernesto “Ernie” C. Pablo and Mary Ann L. Susano for House Bill No. 2803;

Rep. Generoso DC. Tulagan for House Bills No. 2986, 2991, 3008, 3009, 3015, 3016, 3017, 3018, 3019, 3031, 3032, 3041, 3044 and 3073;

Rep. Arthur F. Celeste for House Bills No. 524, 525, 528, 674, 1406, 1407 and 1533;

Rep. Ma. Milagros “Mitos” H. Magsaysay for House Bills No. 602, 2829 and 2846;

Reps. Eduardo R. Gullas and Amelita C. Villarosa for House Bill No. 3174;

Rep. Guillermo P. Cua for House Bills No. 1952 and 2497; and

Rep. Rey B. Aquino M.D. for House Bills No. 525, 606, 609, 647, 648, 653, 674 and 1072.

WITHDRAWAL OF COAUTHORSHIP

Rep. Liza L. Maza withdrew her coauthorship on House Bill 3174.

ADDITIONAL REFERENCE OF BUSINESS

COMMITTEE REPORT

Report by the Committee on Ways and Means (Committee Report No. 60), re H. B. No. 3174, entitled:

“AN ACT INCREASING THE SPECIFIC TAX IMPOSED ON ALCOHOL

AND TOBACCO PRODUCTS AMENDING FOR THE PURPOSE
SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL
REVENUE CODE OF 1997, AS AMENDED”

recommending its approval in substitution of House Bills Numbered 194, 1558,
1591, 2135, 2510, 2653, 2690, 2733, 2871, 3020, 3023 and 3045.

Sponsors: Representatives Lapus, De Venecia, Suarez, Singson, Cagas, Figueroa,
Javier, Cua (J.), Mandanas and Fuentebella
TO THE COMMITTEE ON RULES

REP. CHIPECO. Mr. Speaker, parliamentary inquiry.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). What is the Gentleman's
parliamentary inquiry?

REP. CHIPECO. I would like to inquire about this Additional Reference of
Business. Will this now be taken up in the plenary session or will it be committed
to the Committee on Rules?

REP. DEFENSOR (A.). This will be referred immediately to the Committee on
Rules, Mr. Speaker.

REP. CHIPECO. To be referred to the Committee on Rules.

REP. DEFENSOR (A.). Yes.

REP. CHIPECO. But not to be discussed in the plenary.

REP. DEFENSOR (A.). No, it will be referred to the committee.

REP. CHIPECO. All right. That is all, Mr. Speaker.

SUSPENSION OF SESSION

REP. MALAPITAN. Mr. Speaker, may I move for a suspension of session.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is suspended.

It was 4:09 p.m.

RESUMPTION OF SESSION

At 4:18 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is resumed.

REP. DEFENSOR (A.). Mr. Speaker, since it convened on the first day, this House has worked on the provisional rules which is the Rules of the Twelfth Congress. In the meantime, the Committee on Rules was tasked to draft the Rules of the House for the Thirteenth Congress. The Rules Rewriting Committee was created for the purpose, and it had finished the proposed Rules for the Thirteenth Congress. These Rules were unanimously approved and adopted by the Committee on Rules yesterday, copies of which were distributed also yesterday to all the Members of the House of Representatives.

I move that the Rules of the House of Representatives, as adopted by the Committee on Rules, copies of which were distributed to all Members of the House of Representatives yesterday, be approved by the House of Representatives.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

SUSPENSION OF SESSION

REP. DEFENSOR (A.). May I ask for a suspension of session, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is suspended.

It was 4:20 p.m.

RESUMPTION OF SESSION

At 4:35 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is resumed. The Dep. Majority Leader is recognized.

CONSIDERATION OF H.B. NO. 3174 ON SECOND READING

PERIOD OF SPONSORSHIP AND DEBATE

REP. DEFENSOR (A.). Mr. Speaker, I move that we consider House Bill No. 3174, embodied in Committee Report No. 60, as reported out by Committee on Ways and Means.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection?

(*Silence*) The Chair hears none; the motion is approved.

REP. DEFENSOR (A.). Mr. Speaker, since copies of the bill have been previously distributed, I move that we dispense with the reading of the text of the bill.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection?
(*Silence*) The Chair hears none; the motion is approved.

Consideration of House Bill No. 3174 is now in order. With the permission of the Body, the Secretary General will read only the title of the bill without prejudice to inserting in the Record the text thereof.

THE SECRETARY GENERAL. House Bill No. 3174, entitled: AN ACT INCREASING THE SPECIFIC TAX IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED.

The following is the text of the bill:

HOUSE BILL NO. 3174

(In substitution of House Bills No. 194, 1558, 1591, 2135, 2610, 2653, 2690, 2733, 2871, 3020, 3023 and 3045)

Introduced by Reps. Jose De Venecia Jr., Danilo E. Suarez, Eric D. Singson, Douglas RA. Cagas, Catalino V. Figueroa, Exequiel B. Javier, Junie Cua, Hermilando I. Mandanas, Arnulfo P. Fuentebella, Jesli A. Lapus, Herminio G. Teves, Antonino P. Roman, Iggy T. Arroyo, Teodoro L. Locsin Jr., Alipio “Tikbong” V. Badelles, Ernesto “Ernie” Pablo, Joey D. Hizon, Corazon N. Malanyaon, Augusto H. Baculio, Arrel R. Olaño, Herminio D. Ramiro, Eduardo B. Zialcita, Salacnib F. Bateria, Jose Carlos V. Lacson, Eileen Ermita-Buhain, Glenda B. Ecleo, Federico S. Sandoval II, Edcel C. Lagman, Rolando G. Andaya Jr., Edgar DL. Valdez, Luis R. Villafuerte, Roilo Golez, Roque R. Ablan Jr., Joey S. Salceda, Victor R. Sumulong, Generoso DC. Tulagan, Aurelio M. Umali, Gerardo J. Espina Jr., Nanette Castelo Daza, Consuelo A. Dy, Matias V. Defensor Jr., Henedina R. Abad, Nereus O. Acosta Jr., Felix R. Alfelor Jr., Munir M. Arbison, Mikey Macapagal Arroyo, Leovigildo B. Banaag, Roseller L. Barinaga, Claude P. Bautista, Danton Q. Bueser, Elias C. Bulut Jr., Belma A. Cabilao, Roberto C. Cajés, Carmen L. Cari, Edgar M. Chatto, Erwin L. Chiongbian, Eufrocino M. Codilla Sr., Mark O. Cojuangco, Rodriguez D. Dadivas, Abdullah D. Dimaporo, Mauricio G. Domogan, Faysah RPM. Dumarpa, Faustino “Bojie” G. Dy III, Edgar T. Espinosa, Conrado M. Estrella III, Vincent J. Garcia, Gregorio T. Ipong, Eladio “Boy” Jala, Uliran T. Joaquin, Josefina M. Josen, Benasing O. Macarambon Jr., Emilio C. Macias II, Alfredo

D. Marañon III, Rodante D. Marcoleta, Liza L. Maza, Abraham Kahlil B. Mitra, Rafael P. Nantes, Francis “Blueboy” L. Nepomuceno, Reylina G. Nicolas, Manuel C. Ortega, Arthur “Dodo” Y. Pingoy Jr., Monico O. Puentevella, Edmundo O. Reyes Jr., Isidro S. Rodriguez Jr., Jurdin Jesus M. Romualdo, Lorna C. Silverio, Nerissa Corazon Soon-Ruiz, Edwin C. Uy, Eduardo K. Veloso, Romualdo T. Vicencio and Antonio P. Yapha Jr.

AN ACT INCREASING THE SPECIFIC TAX RATES IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED

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

SECTION 1. Section 141 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 141. *Distilled Spirits.* – On distilled spirits, there shall be collected, subject to the provisions of Section 133 of this Code, excise taxes as follows:

(a) If produced from the sap of nipa, coconut, cassava, camote, or buri palm or from the juice, syrup or sugar of the cane, provided such materials are produced commercially in the country where they are processed into distilled spirits, per proof liter, [Eight Pesos (P8.00)] TEN PESOS AND SEVENTY-FIVE CENTAVOS (P10.75): Provided, That if produced in a pot still or other similar primary distilling apparatus by a distiller producing not more than one hundred (100) liters a day, containing not more than fifty percent (50%) of alcohol by volume, per proof liter, [Four pesos (P4.00)] FIVE PESOS AND THIRTY-EIGHT CENTAVOS (P5.38);

(b) If produced from raw materials other than those enumerated in the preceding paragraph, the tax shall be in accordance with the net retail price per bottle of seven hundred fifty milliliter (750 ml.) volume capacity (excluding the excise tax and the value-added tax) as follows:

(1) Less than Two hundred and fifty pesos (P250.00) – [Seventy-Five Pesos (P75.00)] ONE HUNDRED PESOS AND EIGHTY CENTAVOS (P100.80), per proof liter;

(2) Two hundred and fifty pesos (P250.00) up to Six hundred and seventy five pesos (P675.00) – [One hundred and fifty pesos (P150.00)] TWO HUNDRED ONE PESOS AND SIXTY CENTAVOS (P201.60), per proof liter; and

(3) More than Six hundred and seventy-five pesos (P675.00) – [Three hundred pesos (P300.00)] FOUR HUNDRED THREE PESOS AND TWENTY CENTAVOS (P403.20), per proof liter.

(c) Medicinal preparations, flavoring extracts, and all other preparations, except

toilet preparations, of which, excluding water, distilled spirits form the chief ingredient, shall be subject to the same tax as such chief ingredient.

This tax shall be proportionally increased for any strength of the spirits taxed over proof spirits, and the tax shall attach to this substance as soon as it is in existence as such, whether it be subsequently separated as pure or impure spirits, or transformed into any other substance either in the process of original production or by any subsequent process.

'Spirits or distilled spirits' is the substance known as ethyl alcohol, ethanol or spirits of wine, including all dilutions, purifications and mixtures thereof, from whatever source, by whatever process produced, and shall include whisky, brandy, rum, gin and vodka, and other similar products or mixtures.

'Proof spirits' is liquor containing one-half (1/2) of its volume of alcohol of a specific gravity of seven thousand nine hundred and thirty-nine ten thousandths (0.7939) at fifteen degrees centigrade (15°C). A 'proof liter' means a liter of proof spirits.

[The rates of tax imposed under this Section shall be increased by twelve percent (12%) on January 1, 2000.]

[New brands shall be classified according to their current net retail price.]

[For the above purpose, 'n] 'Net retail price' shall mean the price at which the distilled spirit is sold on retail in ten (10) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value added tax [as of October 1, 1996] FOR BRANDS WHICH ARE MARKETED OUTSIDE METRO MANILA, THE 'NET RETAIL PRICE' SHALL MEAN THE PRICE AT WHICH THE DISTILLED SPIRITS IS SOLD IN FIVE (5) MAJOR SUPERMARKETS IN THE REGION EXCLUDING THE AMOUNT INTENDED TO COVER THE APPLICABLE EXCISE TAX AND THE VALUE-ADDED TAX.

VARIANTS OF EXISTING BRANDS AND VARIANTS OF NEW BRANDS WHICH ARE INTRODUCED IN THE DOMESTIC MARKET AFTER THE EFFECTIVITY OF THIS ACT SHALL BE TAXED UNDER THE HIGHEST CLASSIFICATION OF ANY VARIANT OF THAT BRAND.

A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON WHICH A MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO OR DESIGN OF THE EXISTING BRAND.

New brands shall be classified according to their current SUGGESTED net retail price.

'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF DISTILLED SPIRITS.

'SUGGESTED NET RETAIL PRICE' SHALL MEAN THE NET RETAIL PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR IMPORTED DISTILLED SPIRITS ARE INTENDED BY THE MANUFACTURER OR IMPORTER TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR

RETAIL OUTLETS IN METRO MANILA FOR THOSE MARKETED NATIONWIDE, AND IN OTHER REGIONS, FOR THOSE WITH REGIONAL MARKETS. AT THE END OF THREE (3) MONTHS FROM THE PRODUCT LAUNCH, THE BUREAU OF INTERNAL REVENUE SHALL VALIDATE THE SUGGESTED NET RETAIL PRICE AGAINST THE NET RETAIL PRICE AS DEFINED HEREIN AND FINALLY DETERMINE THE CORRECT TAX BRACKET TO WHICH A PARTICULAR BRAND OF DISTILLED SPIRITS SHALL BE CLASSIFIED.

THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

THE EXCISE TAX DUE FROM ANY BRAND OF DISTILLED SPIRITS SHALL NOT BE LOWER THAN THE TAX DUE AS OF THE DATE IMMEDIATELY PRIOR TO THE EFFECTIVITY OF THIS ACT OR THE TAX DUE AS OF DECEMBER 31, 1999.

The classification of each brand of distilled spirits based on the average net retail price as of October 1, 1996, as set forth in Annex 'A', shall remain in force until revised by Congress.

MANUFACTURERS AND IMPORTERS OF DISTILLED SPIRITS SHALL, WITHIN THIRTY (30) DAYS FROM THE EFFECTIVITY OF THIS ACT, AND WITHIN THE FIRST FIVE (5) DAYS OF EVERY MONTH THEREAFTER, SUBMIT TO THE COMMISSIONER A SWORN STATEMENT OF THE VOLUME OF SALES FOR EACH PARTICULAR BRAND OF DISTILLED SPIRIT SOLD AT HIS ESTABLISHMENT FOR THE THREE-MONTH PERIOD IMMEDIATELY PRECEDING.

ANY MANUFACTURER OR IMPORTER WHO, IN VIOLATION OF THIS SECTION, KNOWINGLY MIS-DECLARES OR MISREPRESENTS IN HIS OR ITS SWORN STATEMENT HEREIN REQUIRED ANY PERTINENT DATA OR INFORMATION SHALL, UPON DISCOVERY, BE PENALIZED BY A SUMMARY CANCELLATION OR WITHDRAWAL OF HIS OR ITS PERMIT TO ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER OF DISTILLED SPIRITS.

ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS SECTION SHALL BE FINED TREBLE THE AMOUNT OF DEFICIENCY TAXES, SURCHARGES AND INTEREST WHICH MAY BE ASSESSED PURSUANT TO THIS SECTION.

ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE AND PENALIZED UNDER SECTION 254 OF THIS CODE. ANY PERSON WHO WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY SUCH ACT OR OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE PRINCIPAL.

IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE, WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION.”

SEC. 2. Section 142 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC 142. *Wines.* – On wines, there shall be collected per liter of volume capacity, the following taxes:

(a) Sparkling wines/champagnes regardless of proof, if the net retail price per bottle (excluding the excise tax and the value-added tax) is:

(1) Five hundred pesos (P500) or less – [One hundred pesos (P100.00)] ONE HUNDRED THIRTY-FOUR PESOS AND FORTY CENTAVOS (P134.40); and

(2) More than Five hundred pesos (P500) – [Three hundred pesos (P300.00)] FOUR HUNDRED THREE PESOS AND TWENTY CENTAVOS (P403.20).

(b) Still wines containing fourteen percent (14%) of alcohol by volume or less, [Twelve pesos (P12.00)] SIXTEEN PESOS AND THIRTEEN CENTAVOS (P16.13); and

(c) Still wines containing more than fourteen percent (14%) but not more than twenty-five percent (25%) of alcohol by volume, [Twenty-four pesos (P24.00)] THIRTY-TWO PESOS AND TWENTY-SIX CENTAVOS (P32.26).

Fortified wines containing more than twenty-five percent (25%) of alcohol by volume shall be taxed as distilled spirits. ‘Fortified wines’ shall mean natural wines to which distilled spirits are added to increase their alcohol strength.

[The rates of tax imposed under this Section shall be increased by twelve percent (12%) on January 1, 2000.]

[New brands shall be classified according to their current net retail price.]

[For the above purpose, ‘n’ ‘Net retail price’ shall mean the price at which wine is sold on retail in ten (10) major supermarkets in Metro Manila, excluding the amount intended to cover the applicable excise tax and the value added tax [as of October 1, 1996] FOR BRANDS WHICH ARE MARKETED OUTSIDE METRO MANILA, THE ‘NET RETAIL PRICE’ SHALL MEAN THE PRICE AT WHICH THE WINE IS SOLD IN FIVE (5) MAJOR SUPERMARKETS IN THE REGION EXCLUDING THE AMOUNT INTENDED TO COVER THE APPLICABLE EXCISE TAX AND THE VALUE-ADDED TAX.

VARIANTS OF EXISTING BRANDS AND VARIANTS OF NEW BRANDS WHICH ARE INTRODUCED IN THE DOMESTIC MARKET AFTER THE EFFECTIVITY OF THIS ACT SHALL BE TAXED UNDER THE HIGHEST CLASSIFICATION OF ANY VARIANT OF THAT BRAND.

A ‘VARIANT OF A BRAND’ SHALL REFER TO A BRAND ON WHICH A MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO OR DESIGN OF THE EXISTING BRAND.

NEW BRANDS SHALL BE CLASSIFIED ACCORDING TO THEIR

CURRENT SUGGESTED NET RETAIL PRICE.

‘NEW BRAND’ SHALL MEAN A BRAND REGISTERED AFTER THE DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF WINE.

‘SUGGESTED NET RETAIL PRICE’ SHALL MEAN THE NET RETAIL PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR IMPORTED WINES ARE INTENDED BY THE MANUFACTURER OR IMPORTER TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR RETAIL OUTLETS IN METRO MANILA FOR THOSE MARKETED NATIONWIDE, AND IN OTHER REGIONS, FOR THOSE WITH REGIONAL MARKETS. AT THE END OF THREE (3) MONTHS FROM THE PRODUCT LAUNCH, THE BUREAU OF INTERNAL REVENUE SHALL VALIDATE THE SUGGESTED NET RETAIL PRICE AGAINST THE NET RETAIL PRICE AS DEFINED HEREIN AND FINALLY DETERMINE THE CORRECT TAX BRACKET TO WHICH A PARTICULAR BRAND OF WINE SHALL BE CLASSIFIED.

THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

THE EXCISE TAX DUE FROM ANY BRAND OF WINES SHALL NOT BE LOWER THAN THE TAX DUE AS OF THE DATE IMMEDIATELY PRIOR TO THE EFFECTIVITY OF THIS ACT OR THE EXCISE TAX DUE AS OF DECEMBER 31, 1999.

The classification of each brand of wine based on the average net retail price as of October 1, 1996, as set forth in Annex ‘B’, shall remain in force until revised by Congress.

MANUFACTURERS AND IMPORTERS OF WINES SHALL, WITHIN THIRTY (30) DAYS FROM THE EFFECTIVITY OF THIS ACT, AND WITHIN THE FIRST FIVE (5) DAYS OF EVERY MONTH THEREAFTER, SUBMIT TO THE COMMISSIONER A SWORN STATEMENT OF THE VOLUME OF SALES FOR EACH PARTICULAR BRAND OF WINES SOLD AT HIS ESTABLISHMENT FOR THE THREE-MONTH PERIOD IMMEDIATELY PRECEDING.

ANY MANUFACTURER OR IMPORTER WHO, IN VIOLATION OF THIS SECTION, KNOWINGLY MIS-DECLARES OR MISREPRESENTS IN HIS OR ITS SWORN STATEMENT HEREIN REQUIRED ANY PERTINENT DATA OR INFORMATION SHALL, UPON DISCOVERY, BE PENALIZED BY A SUMMARY CANCELLATION OR WITHDRAWAL OF HIS OR ITS PERMIT TO ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER OF WINES.

ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS SECTION SHALL BE FINED TREBLE THE AMOUNT OF DEFICIENCY TAXES, SURCHARGES AND INTEREST WHICH MAY BE ASSESSED PURSUANT TO THIS SECTION.

ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE AND PENALIZED UNDER SECTION 254 OF THIS CODE. ANY PERSON WHO WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY SUCH ACT OR OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE PRINCIPAL.

IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE, WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION.”

SEC. 3. Section 143 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

“SEC. 143. *Fermented Liquor.* – There shall be levied, assessed and collected an excise tax on beer, lager beer; ale, porter and other fermented liquors except tuba, basi, tapuy and similar [domestic] fermented liquors in accordance with the following schedule:

(a) If the net retail price (excluding the excise tax and value-added tax) per liter of volume capacity is less than Fourteen pesos and fifty centavos (P14.50), the tax shall be [Six pesos and fifteen centavos (P6.15)] EIGHT PESOS AND TWENTY-SEVEN CENTAVOS (P8.27) per liter;

(b) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is Fourteen pesos and fifty centavos (P14.50) up to Twenty-two pesos (P22.00), the tax shall be [Nine pesos and fifteen centavos (P9.15)] TWELVE PESOS AND THIRTY CENTAVOS (P12.30) per liter;

(c) If the net retail price (excluding the excise tax and the value-added tax) per liter of volume capacity is more than Twenty-two pesos (P22.00), the tax shall be [Twelve pesos and fifteen centavos (P12.15)] SIXTEEN PESOS AND THIRTY-THREE CENTAVOS (P16.33) per liter.

Variants of existing brands AND VARIANTS OF NEW BRANDS which are introduced in the domestic market after the effectivity of [Republic Act No. 8240] THIS ACT shall be taxed under the highest classification of any variant of that brand.

A ‘VARIANT OF A BRAND’ SHALL REFER TO A BRAND ON WHICH A MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO OR DESIGN OF THE EXISTING BRAND.

Fermented liquor which are brewed and sold at micro-breweries or small establishments such as pubs and restaurants shall be subject to the rate in paragraph (c) hereof.

[The excise tax from any brand of fermented liquor within the next three (3) years from the effectivity of R.A. No. 8240 shall not be lower than the tax which was due from each brand on October 1, 1996.]

[The rates of excise tax on fermented liquor under paragraphs (a), (b), and (c) hereof shall be increased by twelve percent (12%) on January 1, 2000]

New brands shall be classified according to their current SUGGESTED net retail price.

‘NEW BRAND’ SHALL MEAN A BRAND REGISTERED AFTER THE DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF FERMENTED LIQUOR.

‘SUGGESTED NET RETAIL PRICE’ SHALL MEAN THE NET RETAIL PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR IMPORTED FERMENTED LIQUOR ARE INTENDED BY THE MANUFACTURER OR IMPORTER TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR RETAIL OUTLETS IN METRO MANILA FOR THOSE MARKETED NATIONWIDE, AND IN OTHER REGIONS, FOR THOSE WITH REGIONAL MARKETS. AT THE END OF THREE (3) MONTHS FROM THE PRODUCT LAUNCH, THE BUREAU OF INTERNAL REVENUE SHALL VALIDATE THE SUGGESTED NET RETAIL PRICE AGAINST THE NET RETAIL PRICE AS DEFINED HEREIN AND FINALLY DETERMINE THE CORRECT TAX BRACKET TO WHICH A PARTICULAR BRAND OF FERMENTED LIQUOR SHALL BE CLASSIFIED.

[For the above purpose, ‘] ‘Net retail price’ shall mean the price at which the fermented liquor is sold on retail in twenty (20) major supermarkets in Metro Manila (for brands of fermented liquor marketed nationally), excluding the amount intended to cover the applicable excise tax and the value-added tax. For brands which are marketed outside Metro Manila, the ‘net retail price’ shall mean the price at which the fermented liquor is sold in five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax.

The classification of each brand of fermented liquor based on its average net retail price as of October 1, 1996, as set forth in Annex ‘C’, shall remain in force until revised by Congress.

[A ‘variant of a brand’ shall refer to a brand on which a modifier is prefixed and/or suffixed to the root name of the brand and/or a different brand which carries the same logo or design of the existing brand.]

THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEAR FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

THE EXCISE TAX DUE FROM ANY BRAND OF FERMENTED LIQUORS SHALL NOT BE LOWER THAN THE TAX DUE AS OF THE DATE IMMEDIATELY PRIOR TO THE EFFECTIVITY OF THIS ACT OR THE EXCISE TAX DUE AS OF DECEMBER 31, 1999.

Every brewer or importer of fermented liquor shall, within thirty (30) days from the effectivity of [R.A. No. 8240] THIS ACT, and within the first five (5) days of every month thereafter, submit to the Commissioner a sworn statement of the volume of sales for each particular brand of fermented liquor sold at his

establishment for the three-month period immediately preceding.

Any brewer or importer who, in violation of this Section, knowingly misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as brewer or importer of fermented liquor.

Any corporation, association or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the amount of deficiency taxes, surcharge and interest which may be assessed pursuant to this Section.

Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of this Code. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.

If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence, without further proceedings for deportation."

SEC. 4. Section 144 of the National Internal Revenue Code of 1997, as amended, is hereby further amended to read as follows:

"SEC. 144. *Tobacco Products*. – There shall be collected a tax of [seventy-five centavos (P0.75)] NINETY CENTAVOS (P.90) on each kilogram of the following products of tobacco:

(a) Tobacco twisted by hand or reduced into a condition to be consumed in any manner other than the ordinary mode of drying and curing;

(b) Tobacco prepared or partially prepared with or without the use of any machine or instruments or without being pressed or sweetened; and

(c) Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and sweepings of tobacco.

Fine-cut shorts and refuse, scraps, clippings, cuttings, stems and sweepings of tobacco resulting from the handling of stripping of whole leaf tobacco may be transferred, disposed of, or otherwise sold, without any prepayment of the excise tax herein provided for under such conditions as may be prescribed in the rules and regulations promulgated by the Secretary of Finance, upon recommendation of the Commissioner, if the same are to be exported or to be used in the manufacture of other tobacco products on which the excise tax will eventually be paid on the finished product.

On tobacco specially prepared for chewing so as to be unsuitable for use in any other manner, on each kilogram, [Sixty centavos (P0.60)] SEVENTY-TWO CENTAVOS (P0.72).

THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

MANUFACTURERS AND IMPORTERS OF TOBACCO PRODUCTS SHALL, WITHIN THIRTY (30) DAYS FROM THE EFFECTIVITY OF THIS ACT, AND WITHIN THE FIRST FIVE (5) DAYS OF EVERY MONTH THEREAFTER,

SUBMIT TO THE COMMISSIONER A SWORN STATEMENT OF THE VOLUME OF SALES FOR EACH PARTICULAR BRAND OF TOBACCO PRODUCTS SOLD AT HIS ESTABLISHMENT FOR THE THREE-MONTH PERIOD IMMEDIATELY PRECEDING.

ANY MANUFACTURER OR IMPORTER WHO, IN VIOLATION OF THIS SECTION, KNOWINGLY MIS-DECLARES OR MISREPRESENTS IN HIS OR ITS SWORN STATEMENT HEREIN REQUIRED ANY PERTINENT DATA OR INFORMATION SHALL, UPON DISCOVERY, BE PENALIZED BY A SUMMARY CANCELLATION OR WITHDRAWAL OF HIS OR ITS PERMIT TO ENGAGE IN BUSINESS AS MANUFACTURER OR IMPORTER OF CIGARS OR CIGARETTES.

ANY CORPORATION, ASSOCIATION OR PARTNERSHIP LIABLE FOR ANY OF THE ACTS OR OMISSIONS IN VIOLATION OF THIS SECTION SHALL BE FINED TREBLE THE AMOUNT OF DEFICIENCY TAXES, SURCHARGES AND INTEREST WHICH MAY BE ASSESSED PURSUANT TO THIS SECTION.

ANY PERSON LIABLE FOR ANY OF THE ACTS OR OMISSIONS PROHIBITED UNDER THIS SECTION SHALL BE CRIMINALLY LIABLE AND PENALIZED UNDER SECTION 254 OF THIS CODE. ANY PERSON WHO WILLFULLY AIDS OR ABETS IN THE COMMISSION OF ANY SUCH ACT OR OMISSION SHALL BE CRIMINALLY LIABLE IN THE SAME MANNER AS THE PRINCIPAL.

IF THE OFFENDER IS NOT A CITIZEN OF THE PHILIPPINES, HE SHALL BE DEPORTED IMMEDIATELY AFTER SERVING THE SENTENCE, WITHOUT FURTHER PROCEEDINGS FOR DEPORTATION.”

SEC. 5. Section 145 of the National Internal Revenue Code, as amended, is hereby further amended to read as follows:

“SEC. 145. *Cigars and Cigarettes.*

(A) *Cigars.* There shall be levied, assessed and collected on cigars a tax of [One peso (P1.00)] ONE PESO AND THIRTY-FOUR CENTAVOS (P1.34) per cigar.

(B) *Cigarettes Packed by Hand.* There shall be levied, assessed and collected on cigarettes packed by hand a tax of [Forty centavos (P0.40)] FORTY-EIGHT CENTAVOS (P0.48) per pack.

(C) *Cigarettes Packed by Machine.* There shall be levied, assessed and collected on cigarettes packed by machine a tax at the rates prescribed below:

(1) If the net retail price (excluding the excise tax and the value-added tax) is above Ten pesos (P10.00) per pack, the tax shall be [Twelve pesos (P12.00)] SIXTEEN PESOS AND THIRTEEN CENTAVOS (P16.13) per pack;

(2) If the net retail price (excluding the excise tax and the value-added tax) exceeds Six pesos and fifty centavos (P6.50) but does not exceed Ten pesos (P10.00) per pack, the tax shall be [Eight pesos (P8.00)] TEN PESOS AND SEVENTY-FIVE CENTAVOS (P10.75) per pack;

(3) If the net retail price (excluding the excise tax and the value-added tax) is

Five pesos (P5.00) but does not exceed Six pesos and fifty centavos (P6.50) per pack, the tax shall be [Five pesos (P5.00)] SIX PESOS AND SEVENTY-TWO CENTAVOS (P6.72) per pack;

(4) If the net retail price (excluding the excise tax and the value-added tax) is below Five pesos (P5.00) per pack, the tax shall be [One peso (P1.00)] ONE PESO AND THIRTY-FOUR CENTAVOS (P1.34) per pack;

Variants of existing brands AND VARIANTS OF NEW BRANDS of cigarettes which are introduced in the domestic market after the effectivity of [R.A. No. 8240] THIS ACT shall be taxed under the highest classification of any variant of that brand.

A 'VARIANT OF A BRAND' SHALL REFER TO A BRAND ON WHICH A MODIFIER IS PREFIXED AND/OR SUFFIXED TO THE ROOT NAME OF THE BRAND AND/OR A DIFFERENT BRAND WHICH CARRIES THE SAME LOGO OR DESIGN OF THE EXISTING BRAND.

[The excise tax from any brand of cigarettes within the next three (3) years from the effectivity of R.A. No. 8240 shall not be lower than the tax, which is due from each brand on October 1, 1996: *Provided, however,* That in cases where the excise tax rates imposed in paragraphs (1), (2), (3) and (4) hereinabove will result in an increase in excise tax of more than seventy percent (70%), for a brand of cigarette, the increase shall take effect in two tranches: fifty percent (50%) of the increase shall be effective in 1997 and one hundred percent (100%) of the increase shall be effective in 1998].

Duly registered or existing brands of cigarettes or new brands thereof packed by machine shall only be packed in twenties.

[The rates of excise tax on cigars and cigarettes under paragraphs (1), (2), (3) and (4) hereof, shall be increased by twelve percent (12%) on January 1, 2000.]

THE RATES OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY THREE PERCENT (3%) ON THE SECOND AND THIRD YEARS FOLLOWING THE DATE OF THE EFFECTIVITY OF THIS ACT.

THE EXCISE TAX DUE FROM ANY BRAND OF CIGARS AND CIGARETTES SHALL NOT BE LOWER THAN THE TAX DUE AS OF THE DATE IMMEDIATELY PRIOR TO THE EFFECTIVITY OF THIS ACT OR THE EXCISE TAX DUE AS OF DECEMBER 31, 1999.

New brands shall be classified according to their current SUGGESTED net retail price.

'NEW BRAND' SHALL MEAN A BRAND REGISTERED AFTER THE DATE OF EFFECTIVITY OF THIS ACT, AND SHALL INCLUDE PREVIOUSLY REGISTERED BUT INACTIVE BRANDS OF CIGARETTES.

'SUGGESTED NET RETAIL PRICE' SHALL MEAN THE NET RETAIL PRICE AT WHICH NEW BRANDS OF LOCALLY MANUFACTURED OR IMPORTED CIGARETTES ARE INTENDED BY THE MANUFACTURER OR IMPORTER TO BE SOLD ON RETAIL IN MAJOR SUPERMARKETS OR RETAIL OUTLETS IN METRO MANILA FOR THOSE MARKETED NATIONWIDE, AND IN OTHER REGIONS, FOR THOSE WITH REGIONAL

MARKETS. AT THE END OF THREE (3) MONTHS FROM THE PRODUCT LAUNCH, THE BUREAU OF INTERNAL REVENUE SHALL VALIDATE THE SUGGESTED NET RETAIL PRICE AGAINST THE NET RETAIL PRICE AS DEFINED HEREIN AND FINALLY DETERMINE THE CORRECT TAX BRACKET TO WHICH A PARTICULAR BRAND OF CIGARETTE SHALL BE CLASSIFIED.

[For the above purpose, 'n] 'Net retail price' shall mean the price at which the cigarette is sold on retail in twenty (20) major supermarkets in Metro Manila (for brands of cigarettes marketed nationally), excluding the amount intended to cover the applicable excise tax and the value-added tax. For brands which are marketed only outside Metro Manila, the 'net retail price' shall mean the price at which the cigarette is sold in five (5) major supermarkets in the region excluding the amount intended to cover the applicable excise tax and the value-added tax.

The classification of each brand of cigarettes based on its average net retail price as of October 1, 1996, as set forth in Annex 'D', shall remain in force until revised by Congress.

[A 'variant of a brand' shall refer to a brand on which a modifier is prefixed and/or suffixed to the root name of the brand and/or a different brand which carries the same logo or design of the existing brand.]

Manufacturers and importers of cigars and cigarettes shall, within thirty (30) days from the effectivity of [R.A. No. 8240] THIS ACT and within the first five (5) days of every month thereafter submit to the Commissioner a sworn statement of the volume of sales for each particular brand of cigars and/or cigarettes sold at his establishment for the three-month period immediately preceding.

Any manufacturer or importer who, in violation of this Section, knowingly misdeclares or misrepresents in his or its sworn statement herein required any pertinent data or information shall, upon discovery, be penalized by a summary cancellation or withdrawal of his or its permit to engage in business as manufacturer or importer of cigars or cigarettes.

Any corporation, association or partnership liable for any of the acts or omissions in violation of this Section shall be fined treble the amount of deficiency taxes, surcharges and interest which may be assessed pursuant to this Section.

Any person liable for any of the acts or omissions prohibited under this Section shall be criminally liable and penalized under Section 254 of this Code. Any person who willfully aids or abets in the commission of any such act or omission shall be criminally liable in the same manner as the principal.

If the offender is not a citizen of the Philippines, he shall be deported immediately after serving the sentence without further proceedings for deportation."

SEC. 6. *Implementing Rules and Regulations.* – The Secretary of Finance shall, upon the recommendation of the Commissioner of Internal Revenue, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 7. *Separability Clause.* – If any of the provisions of this Act is declared

invalid by a competent court, the remainder of this Act or any provision not affected by such declaration of invalidity shall remain in force and effect.

SEC. 8. *Repealing Clause.* – All laws, decrees, ordinances, rules and regulations, executive or administrative orders, and such other presidential issuances as are inconsistent with any of the provisions of this Act are hereby repealed, amended or otherwise modified accordingly.

SEC. 9. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in the *Official Gazette* or in at least two (2) newspapers of general circulation.

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). I move that the technical staff of the Committee on Ways and Means be granted access to the session hall and ask that the distinguished Chairman of the Committee on Ways and Means, the Honorable Jesli Lapus, be recognized for his sponsorship speech.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Lapus is recognized.

SPONSORSHIP SPEECH OF REP. LAPUS

REP. LAPUS. Thank you, Mr. Speaker.

Mr. Speaker, honorable colleagues, I rise today to sponsor a vital piece of legislation, House Bill No. 3174, entitled: AN ACT INCREASING THE SPECIFIC TAX RATES IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS AMENDING FOR THIS PURPOSE SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED.

This is not a measure to tax more intensively sectors of the economy that have had it easy with taxes. In fact, the sectors proposed to be taxed some more already account for 8.0 percent of total taxes collected in the country. In particular, alcohol has paid in absolute terms P14.142 billion and cigarettes P19.695 billion in 2003. So, this is a bill to raise more tax revenues from sectors that are in no way to blame for the fiscal crisis but, on the contrary, have done more than any sector to narrow the gap.

In this situation, therefore, we must tread with some care in further exacting more from those who have given so much already. It is not introducing disruptive mechanism that would usher market distortions and diminish industry viability. It is

feasible to pass this into law urgently. It is feasible to be implemented with the general concurrence of the tax and economic team of the executive. It is feasible to be absorbed by the industry players without risking its viability and the government losing a sector with a very high tax efficiency ratio of over 40 percent as against the national BIR tax effort ratio of less than 10 percent.

The committee has amply considered the supply side of the equation and has carefully taken into account the opinion and views of industry players and shareholders. If the country were to have the reliable source of incremental revenue, we knew we have to find a convergence. We kept in mind the need to balance the initial proposals with the capacity of the manufacturers to cope with another round of increases in particular and with system change in general. We kept in mind the fact that the twin alcohol and tobacco sectors, and their backward and forward linkages, employ thousands of farmers, workers and traders.

There are several proposals on how to raise the taxes on these sectors. They may be divided among those bills that seek to alter the respective market shares of the major and minor players while seeking to impose more taxes on those who already pay so much. This is particularly true of the cigarette sector. This being so, it behooves us to respect what the major and minor players have already achieved in the market share.

Let me state a basic free market principle: Taxation cannot be used to change the patterns achieved by the free play of the market forces of price and demand. We, at least will not—not in a measure whose only purpose according to the administration that has requested it is to close the fiscal gap—and that is all we shall address.

Now, it has been said that the version we are hereby reporting out is a watered-down version from the fantasies of the so-called economic experts who declare that they wish to collect without any regard to what in fact can be collected, especially those who are already so heavily taxed. Thus, for example, 40 percent of gross sales of the cigarette industry go to excise taxes. Few, if any other sectors, are so severely taxed.

We propose a 20 percent increase across-the-board and throughout existing classifications as the most likely to meet the revenue target of P7.6 billion in the first year of implementation in additional revenues or a total of P26 billion over three years. That is exclusive of a definite spillover on value-added tax which uses selling prices as tax base. This rate is the final recommendation of the economic managers' team of the executive and exceeds the estimated 16 percent cumulative inflation rate from 2001 to 2004, the period which had no inflation adjustments. In addition, the bill imposes an extra three percent upward shift per year on the second and third years following the date of effectivity.

The rates are not arbitrary. For 2003, these excisable goods cornered a robust P33.84 billion of the overall P57 billion total excise tax collections or, in percentage terms, an equivalent of 60 percent of the total. Still, the corresponding tax rates have not been amended since 1997, except for the 12 percent automatic raise in 2000, and

that is still insufficient to recoup the loss of value due to inflation.

This bill serves as a catch-up measure as the government attempts to collect additional revenues due it since 2001. Modifications are indeed necessary to capture the loss proceeds and prevent further erosion in revenue base. Since it is not initiating any radical alteration, this bill does not add to the problems of implementation. As it is, it plugs a major loophole in the ambiguity of the law as evidenced by recent disputes resulting in the government being ordered by the courts to refund taxpayers. This bill clarifies that the excise tax due on the products shall not be lower than the tax due as of the date immediately prior to the effectivity of the act or the excise tax due as of December 31, 1999.

The times call for us, Mr. Speaker. In her 2005 budget message, Pres. Gloria Macapagal Arroyo said that on top of our agenda must be the restoration of the health of the fiscal sector and that we need to pump new blood into our tax system. This is a significant answer from our end. Our constricting fiscal predicament challenges us to come up with an affirmative response. In 2003, the budget deficit stood at 199 or 4.6 percent of gross domestic product. By improving our tax effort through the passage of effective policy initiatives, we are rising up to the challenge. This sends the right signals that the Philippine legislature is taking serious cognizance of its task to enact relevant and pressing tax measures. Any further delay on our action could cause us further downgrading from credit-rating agencies and institutions, a risk which has dire consequences on both our short- and long-term economic status. It is a risk we could not afford. Ergo, this bill is a top priority and its significance cannot be overemphasized.

Mr. Speaker, the passage of this bill will send the much-needed signal to the world that the Thirteenth Philippine Congress, the House of Representatives, is indeed responding vigorously to the demands of the difficult times.

I have no doubt, Mr. Speaker, that this august Chamber will prove to be an invaluable linchpin.

Thank you very much.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

SUSPENSION OF CONSIDERATION
OF H.B. NO. 3174

REP. DEFENSOR. Mr. Speaker, I move that we suspend consideration of House Bill No. 3174.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Dep. Majority Leader is recognized.

SUSPENSION OF SESSION

REP. DEFENSOR (A.). Mr. Speaker, may I move for a one-minute suspension of session.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is suspended.

It was 4:48 p.m.

RESUMPTION OF SESSION

At 4:49 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is resumed. The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Mr. Speaker, may I kindly request that we acknowledge some guests in the gallery from Barangay Talayan, District I, Quezon City: Barangay Chairman Ongtauco together with Messrs. Ching, Tabirao, Lacson, Lim and Montilla. They are guests of the distinguished Gentleman from Quezon City, the Honorable Bingbong Crisologo.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Will they please rise. *(Applause)*
Thank you.

REP. DEFENSOR (A.). Mr. Speaker, I move that we call the roll.

ROLL CALL

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is there any objection? *(Silence)* The Chair hears none; the motion is approved. The Secretary General will please call the roll.

THE SECRETARY GENERAL, *reading:*

Abad	Present	Abayon	Present
Abalos	Present	Ablan	Present
Abante		Abubakar	Present
Abaya	Present	Acosta	

*Appeared before/after the roll call

Agarao	Present	Cabilao	Present
Agbayani	Present	Cagas	Present
Aguja	Present	Cajes	Present
Albano	Present*	Cari	
Alcala	Present*	Carlos	Present
Alfelor	Present	Carmona	Present
Almario	Present	Casiño	Present
Alvarez, Antonio C.	Present	Castelo Daza	Present
Alvarez, Genaro		Castro	Present
Rafael III K.	Present	Cayetano	Present*
Amante	Present*	Celeste	Present
Amatong	Present	Cerilles	Present
Amin	Present	Chatto	Present
Andaya	Present	Chiongbian	
Angara	Present	Chipeco	Present
Antonino	Present	Chungalao	Present
Antonino-Custodio	Present*	Clarete	Present*
Apostol	Present	Codilla	Present
Aquino, Agapito A.	Present	Cojuangco, Carlos O.	
Aquino, Benigno S. III	Present	Cojuangco, Mark O.	Present
Aquino, Dr. Rey B.	Present	Crisologo	Present
Arbison		Cua, Guillermo P.	Present
Arroyo	Present	Cua, Junie E.	Present*
Asistio	Present	Cuenco	Present
Bacani	Present*	Dadivas	Present
Baculio	Present	Dangwa	Present
Badelles	Present	Datumanong	Present
Banaag	Present	De Guzman	Present
Barbers	Present	De Venecia	Present
Barinaga	Present	Defensor, Arthur D.	Present
Baterina	Present	Defensor, Matias Jr. V.	Present
Bautista	Present	Del Mar	Present
Beltran	Present	Diaz	Present
Bersamin	Present	Dilangalen	Present
Biazon	Present	Dimaporo	
Biron	Present*	Dominguez	Present
Bondoc	Present*	Domogan	Present
Bravo	Present	Duavit	Present
Bueser	Present	Dumarpa	Present
Bulut	Present	Dumpit	

*Appeared before/after the roll call

Durano	Kintanar Present
Dy, Consuelo A. Present*	Lacson Present
Dy, Faustino "Bojie" III G. Present	Lagbas Present
Ecleo Present	Lagman Present
Ermita-Buhain Present	Lapus Present
Escudero Present	Libanan Present*
Espina Present	Locsin Present
Espino Present	Lopez, Jaime C. Present
Espinosa, Edgar T.	Lopez, Ruy Elias C. Present*
Espinosa, Emilio Jr. R. Present	Macapagal Arroyo Present
Estrella Present*	Macarambon Present
Fabian	Macias Present
Falcon Present	Madamba Present
Figueroa Present	Magsaysay, Eulogio
Firmalo Present	"Amang" R. Present
Floirendo Present*	Magsaysay, Ma. Milagros
Fua Present	"Mitos" H. Present
Fuentebella Present	Magtubo Present
Garcia, Albert S. Present	Malanyaon Present
Garcia, Vincent J. Present*	Malapitan Present
Garin Present	Mamba Present
Gidaya Present	Mandanas Present
Golez Present	Mangudadatu Present*
Gonzalez Present	Marañon Present
Gozos	Marcoleta Present
Guingona Present	Marcos Present*
Gullas Present	Mariano Present
Hataman Present	Martinez Present
Hizon Present	Maza Present
Hontiveros-Baraquel Present	Mercado Present
Imperial	Miraflores Present
Ipong Present	Miranda Present
Jala Present	Mitra Present*
Jalosjos Present	Nantes Present*
Jalosjos-Carreon Present	Nepomuceno Present
Jaraula	Nicolas
Javier	Nieva Present
Jaworski Present	Noel Present
Joaquin Present	Nogralas Present
Joson	Ocampo Present

*Appeared before/after the roll call

Olaño	Present	Sumulong	
Ortega	Present	Suplico	Present
Pablo	Present	Susano	Present
Pancho	Present*	Sy-Alvarado	Present
Paras	Present*	Syjuco	Present
Petilla		Taliño-Santos	Present*
Pichay	Present	Tañada	Present
Pingoy		Teodoro	
Plaza	Present*	Teves	
Ponce-Enrile		Tomawis	Present
Puentevella	Present	Tulagan	Present
Puno		Umali, Alfonso Jr. V.	Present*
Ramiro	Present	Umali, Aurelio M.	Present*
Real	Present*	Unico	Present
Remulla, Gilbert C.	Present	Uy, Edwin C.	Present
Remulla, Jesus Crispin C.	Present	Uy, Reynaldo S.	Present*
Reyes, Edmundo Jr. O.	Present	Valdez	Present
Reyes, Victoria Hernandez	Present	Valencia	Present*
Roces	Present	Vargas	Present
Rodriguez	Present*	Velarde	Present*
Roman	Present	Veloso	Present
Romualdo	Present	Vicencio	Present
Roquero	Present	Villafuerte	Present*
Rosales	Present	Villanueva	
Salapuddin	Present*	Villar	Present*
Salceda		Villarosa	Present
Sandoval	Present	Violago	
Santiago	Present	Virador	Present
Seachon-Lanete	Present	Wacnang	Present
Señeres	Present	Yapha	
Serapio	Present	Zamora, Manuel	
Silverio	Present*	“Way Kurat” E.	
Singson	Present	Zamora, Ronaldo B.	
Solis	Present*	Zialcita	Present
Soon-Ruiz	Present	Zubiri	Present
Suarez	Present		

The House is in receipt of official advice of absence of the following Members: Representatives Dimaporo, Dumpit, Fabian, Gozos, Imperial, Jaraula, Nicolas, Ponce Enrile, Puno, Sumulong, Violago, Zamora (M.) and Zamora (R.).

*Appeared before/after the roll call

Representatives Durano, Pingoy, Salceda, Teodoro, Teves and Villanueva are on official mission within the country.

Representatives Abante, Acosta, Arbison, Cari, Chiongbian, Cojuangco (C.), Espinosa (E.T.), Javier, Joson, Petilla and Yapha are on official mission abroad.

The Speaker is present.

The roll call shows 169 Members responded to the call.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). With 169 Members present, a quorum is declared.

The Dep. Majority Leader is recognized.

CONSIDERATION OF H.B. NO. 3174

Continuation

PERIOD OF SPONSORSHIP AND DEBATE

REP. DEFENSOR (A.). Mr. Speaker, I move that we continue the consideration of House Bill No. 3174.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.) Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General will please read the title of the bill only.

THE SECRETARY GENERAL. House Bill No. 3174, entitled: AN ACT INCREASING THE SPECIFIC TAXES IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED.

REP. DEFENSOR (A.). Mr. Speaker, I move that we close the period of sponsorship on House Bill No. 3174 and open the period of interpellation. May I request that the distinguished sponsor and the Honorable Teodoro Casiño from the Party-List Bayan Muna be recognized.

REP. DIAZ. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Diaz is recognized.

REP. DIAZ. Mr. Speaker, with the permission of the Chair and the Body, I would like to make a parliamentary inquiry.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Gentleman will please proceed.

REP. DIAZ. With the indulgence of the Members of the House and the Member who was speaking, Mr. Speaker.

Mr. Speaker, when the committee chairmanships were being distributed, Congressman Cua, representing the Liberal Party to which I belong, called me up to tell me that I was assigned to the Special Committee on Mt. Pinatubo with 15 members, which will take charge, as stated on page 27 of the Rules, all matters directly and principally relating to policies and programs for the reconstruction and rehabilitation of the Mt. Pinatubo devastated areas, including the welfare of the inhabitants therein and other actions to facilitate recovery, development and growth in these areas.

Mr. Speaker, so I started to work. I tried to look for the Mt. Pinatubo Commission in San Fernando, Pampanga but they told me that it does not exist anymore; that there was an executive order transferring all its assets, liabilities, responsibilities and functions over the Mt. Pinatubo Lowland Resettlement Communities to the Housing and Urban Development and Coordinating Council (HUDCC) through Executive Order 65, No. 6 - S2001. I also received a call from the Rules Committee when I was in Zambales telling me that I only have 15 members and that they wanted to make it more. So, I suggested that it be given 45 members to be entitled to two or three vice-chairmen.

Mr. Speaker, I am becoming to look like somebody who is greedy because several of my friends have been teasing me that I have two committees. I told them that the other committee does not exist at all until I read in the papers that the Vice-President who heads the HUDCC holds all the assets and liabilities of the Mt. Pinatubo Commission.

So, Mr. Speaker, the parliamentary question is: What should be done to this question of holding a committee that does not exist—a ghost committee? Why did the Rules Committee not erase this from the Rules of the House of Representatives? It exists as a special committee. Someone told me that instead of two technical assistants or casuals, for that matter, it was now reduced to one. But either one or two or none, Mr. Speaker, the committee does not exist in reality.

So, I do not know if this is a bad joke. It is fortunate that with the reluctant consent of the honorable Speaker, I was given the chairmanship, after so much maneuvering of the Committee on Science and Technology, for which I am very grateful, Mr. Speaker.

But what is to be done with this committee? I do not want to hold on to a committee and be told by everybody that I am somebody here in the House with two committee chairmanships, which is not true. And I am ashamed of it because even the Speaker tells me, "You are very lucky. You are the only one who has two committees."

Now, Mr. Speaker, what should be done? The Rules Committee confirms the existence of the committee. It does not exist. And we tried to hold a meeting. No wonder only 12 wanted to be members because they know it does not exist. And I asked a meeting with the Vice-President who heads the HUDCC. Mr. Speaker, I cannot summon or invite the Vice-President to be a resource person in a committee hearing. It is a committee allegedly by the Rules of the House.

So, Mr. Speaker, what should be done? What should I do? I do not want it, Mr. Speaker.

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The inquiry is: What will the Gentleman do under the circumstances stated.

REP. DIAZ. Yes, I do not know what to do, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). I was informed that the joint commission organized by Malacañang has already been dissolved. However, in accordance with the Rules which we also adopted recently, the 35-man committee is still active and waiting for the Mt. Pinatubo to erupt again.

REP. DIAZ. I hope the Chair is joking, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). But the Gentleman will have some duties to perform.

REP. DIAZ. May I again remind the Chair that it is treated as a Pinatubo project by the HUDCC with the functions and responsibilities of the Mt. Pinatubo Commission transferred to the Mt. Pinatubo Lowland Resettlement Communities under the HUDCC, including all assets, properties and contingent liabilities.

I do not want to be known as trying to grab another chairmanship. I mean, I am embarrassed to face the Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). It is only a special committee anyway.

REP. DIAZ. That was my thinking in the beginning, a special committee. But special or not, it does not exist. It exists only in the Rules of the House. Since it is created by the Rules Committee, I think the Majority Leader is bound to explain why it is listed here as a special committee which does not exist.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader will please answer.

SUSPENSION OF SESSION

REP. DEFENSOR (A.). Mr. Speaker, listening to my very dear friend and my colleague in the legislature since the Batasan days, may we kindly inform him that the

Special Committee on Mt. Pinatubo continued to exist in the Thirteenth Congress in deference to the distinguished Gentleman from Zambales. And we would like to invite the kind attention of my dear colleague that the existence of this special committee is not dependent on the commissions or bodies created by the executive department. I am sure this special committee can continue to be relevant if the distinguished Gentleman from Zambales would reconsider his suggestion that we abolish it. But if it is really his desire that it be abolished, I strongly suggest that we discuss this with him very seriously when we resume sessions on the second week of November.

In the meantime, I move for a suspension of session so I can take this up very briefly with the distinguished Gentleman from Zambales.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is suspended.

It was 5:11 p.m.

RESUMPTION OF SESSION

At 5:13 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The session is resumed. The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Mr. Speaker, I move that the distinguished Gentleman from Zambales be recognized to wind up his statements.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The honorable Gentleman from Zambales is recognized.

REP. DIAZ. Mr. Speaker, I will be the last one to waste the time of this Body, especially when I get signals from the Chair to cut my time. Therefore, I think it is best—and to avoid embarrassment—that this be left to the genius of the House leadership to settle it and whatever its decision be, it will also be agreeable to me. That is the suggestion, Mr. Speaker.

REP. DEFENSOR (A.). Thank you.

REP. DIAZ. The Chair seems to be dumbfounded. What is its reaction? My suggestion, Mr. Speaker, is I am leaving it to the wisdom of the leadership to resolve this issue and I am willing to abide by whatever decision the leadership may agree. Thank you very much, Mr. Speaker.

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Before we proceed to the consideration of the pending question, may I kindly request that we acknowledge the presence of guests in the gallery, the Municipal ABC Presidents of the Province of Catanduanes, who are guests of Rep. Joseph Santiago of the Province of Catanduanes.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Will they please rise for recognition? (*Applause*)

REP. DEFENSOR (A.). Mr. Speaker, I reiterate my previous motion that we recognize the distinguished Gentleman from the Party-List Bayan Muna, the Honorable Casiño, for his interpellation.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Casiño is recognized.

REP. CASIÑO. Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). What is the desire of the Gentleman?

REP. CASIÑO. I would like to ask if the Gentleman from Tarlac who sponsored the bill would yield to a few questions.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). He may if he so desires.

REP. LAPUS. I would be honored, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Gentleman from Bayan Muna will please proceed.

REP. CASIÑO. Mr. Speaker, in last Monday's executive session of the Committee on Ways and Means, I was struck by the Sponsor's statement that House Bill No. 3174 is actually a compromise bill. Could he clarify what he meant when he said that it was a compromise bill?

REP. LAPUS. I thank the Gentleman for that question and please allow me to explain.

There were several bills filed which were diametrically opposed in principle and system with one another. There were those bills that want to make a change back

to ad valorem from specific taxes; also there were those bills that want to use a singular unit price and those that would like to inflate the rates and the classification.

In situations like these, unlike other bills where there are minor differences among them, it is impossible to reconcile such radical changes. So, we mentioned that it is a compromise in the sense that the existing legislation does not need a major overhaul because, as we have pointed out, it is a major contributor already—eight percent of total taxes are actually being collected and this year it is estimated that cigarettes and alcohol will contribute P38 billion.

So, as this is a bill that aims to bring in the cash flow at the soonest and it does not need an overhaul, we do not have the luxury of time to debate endlessly on the diametrically opposing bills that will tend to favor one or the other players and will get us into a very difficult situation to even pass such a bill. It is a compromise in the sense that it merely aims to increase taxation by increasing the rates, Mr. Speaker.

REP. CASIÑO. The Gentleman also mentioned that this is a quick fix. Could he explain what he meant by passing a quick fix? If we are to pass the law, we are going to pass a quick fix.

REP. LAPUS. That is mentioned in the context as against a major overhaul, as against altering radically the present structure risking major distortions, Mr. Speaker.

So, we are saying from the point of view of cash flow. It is not a reformed bill in the sense that, similar to the rationalization and harmonization of fiscal incentives, it is working. Excise tax is a contributor, it is working. It just has not been adjusted to inflation since 2001 and this was a pragmatic approach given the circumstances and the objectives that the country has.

REP. CASIÑO. Does the Gentleman mean that rather than take the bull by the horns, rather than deliberate on the contentious issues of such a bill—for example, the issue of whether we maintain the specific tax or shift to ad valorem, whether we change the different categories or we revise the entire system, which is what actually the executive was asking of us—this House, in fact, defaulted on those issues and shows to simply enact a very convenient version that would be easiest to pass without, by its very nature, facing the more fundamental issues involved in the proposed bills on these taxes?

REP. LAPUS. For sure, all the various proposals have their merits and demerits and these have been discussed over nine hearings presented by the proponents, which by the way are also expressed by the players in the industry. The various bills are championed by various players in the industry. And there are merits and demerits to each one, but it would be very difficult to pass judgment so that the executive itself—the Gentleman mentioned the executive had wanted this—after hearing all the presentations and after analyzing the situation, has actually come up with a final

version. The executive team has come up with a final version and this is what our bill has adopted, a 20 percent adjustment in rate, a simple adjustment that would not call for polarization or real problems in legislation. We have to contend with the real dynamics of legislation. There can be endless debates on the measure and we might default in the sense that we might want a tax that we can debate on endlessly or a tax that can suit the need for a cash flow deficit at the earliest.

So, in that sense, this is pragmatic—convergence of objectives—the reason we used the word “compromise.” The objective of the executive was committed by the administration to those who would like to support us, our stakeholders in this country, which is to raise P7 billion next year. And this proposal will indeed raise P7 billion without a protracted or endless or no-winner, lose-lose sort of a debate.

REP. CASIÑO. I raised those points, Mr. Speaker, because with all these innuendos that we are passing a watered-down version, it seems that this version is the one where the industry players are all happy. And when the industry players are happy, we know that they have their own lobbies in Congress. It automatically casts doubts on these kinds of bills, because we know that this is a far cry from the original proposals filed in this House. May I ask if there is any player in the industry that stands to benefit more than the other players in this bill?

REP. LAPUS. I thank the Gentleman for asking that question. First, on the point of being watered down. There are several bills filed on this subject matter that call for less than 20 percent; that call for 18, 15, so, in that sense, it is higher than what some of our colleagues and principal sponsors have asked for.

Mr. Speaker, the inflation rate from 2001 to 2003 stands for these two commodities at 11.3 percent weighted average. If we assume a four percent inflation for 2004, we are only looking at less than 16 percent in order to do what this bill is trying to do to catch up and to index the previous years that have not been indexed. So the bill is actually proposing 20 percent because 1) it is the number that was finally recommended and endorsed by the Chief Executive; 2) it is higher than the inflation that we want to cover; and 3) the industry players have started with nine percent and finally their resistance level was at 12 percent. So, this is not to them what ideally they would want. The Gentleman will agree with me that an ideal thing for a taxpayer is zero tax. If the industry players were to lobby, they would lobby against the imposition, against the review of this, because they have succeeded in not having inflation increases from 2001 to 2004. So, that is the ideal to a taxpayer, that none of these will pass. But because they know we are on the same ship and that this ship is sinking very fast, they are inside the ship, their companies will also be affected. They were convinced that they must contribute and carry more taxes. This is the reason in my sponsorship speech, Mr. Speaker, I said, this is taxing a sector that no other sector could probably equal in terms of contribution already to taxes. And at a

40 percent efficiency ratio, that is certainly a very high efficiency ratio compared to the national target, Mr. Speaker.

REP. CASIÑO. Mr. Speaker, how much do we expect to raise from this tax measure?

REP. LAPUS. On this particular tax measure, Mr. Speaker, on the first year which is at 20 percent increase, we expect P7.6 billion. On the second year, that P7.6 billion continues, so it is P7.6 plus three percent on top which is P1.14 billion, and that will be P8.7 billion. On the third year, it is P7.6 billion plus P1.1 billion. So, plus P1.1 billion is P9.9 billion. It is cumulative, Mr. Speaker, and this is P26.2 billion.

REP. CASIÑO. So, this is half of the original target mentioned to us by the original proponents of the bill.

REP. LAPUS. Mr. Speaker, calculations get refined as we get latest figures. This is the desired, committed target of the government to those stakeholders who are asking that we do something about incremental revenue. Mr. Speaker, actually the magic number is P7 billion. And as we have stated, unfortunately, there are too many analysts in this country who try to give numbers, who try to be precise, but they cannot even be accurate. Let us take as an example when somebody said that petroleum tax will give P35 billion. I think we were together on that day when the headline was "Petroleum Tax at P35 billion." Right now, that number is not the correct number anymore, so I know that the level of expectations has been raised by the so-called economist or pseudo economist, but we are dealing now with hard numbers. The actual figures for 2004 are coming in as we talk, and these are the validated numbers, Mr. Speaker.

REP. CASIÑO. This is one of the tax measures proposed by the executive to remedy the fiscal crisis. Am I correct?

REP. LAPUS. That is correct, Mr. Speaker.

REP. CASIÑO. But considering the estimated tax leakage from loopholes and inefficiencies and the waived and uncollected taxes of approximately P285 billion a year, does the Gentleman not think that before imposing new taxes on our people we should first ensure that the government is collecting this approximately P285 billion in leakages, uncollected and waived taxes?

REP. LAPUS. Mr. Speaker, I agree that equal effort must be exerted on tax administration, but we cannot rely on that alone. Tax policy and tax administration must be addressed at the same time, and this House has on the floor also an equally

important bill, the lateral attrition bill, which would be our contribution to tax administration and the streamlining of the efforts of the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BoC).

REP. CASIÑO. Mr. Speaker, it would be very difficult to explain to our people why Congress is going to pass eight tax measures, and this is only the first when they do not see any effective efforts to collect even the existing taxes. I think this is the most difficult thing about the proposed tax measures in that, as far as the people are concerned, if the government can just collect the existing taxes, we do not have to burden our people with additional or new taxes.

REP. LAPUS. Mr. Speaker, the BIR and the BoC are put to task to improve in no uncertain terms their performance. The BIR has, for example, lined up administrative revenue measures to boost 2005 collections and filed over 200 cases while the BoC's efforts are focused on combating smuggling with the new Customs Commissioner given two months to show dramatic improvements. But like any management, enhancement and streamline, this cannot happen overnight. We must not lose such an opportunity like funds of this nature, a reliable P7.6 billion, that will surely flow. This is a catch-up measure, as I said. This is money that should have been collected in 2001, if only indexation had been done.

REP. CASIÑO. Another point, Mr. Speaker. Earlier, we were made to understand that this tax is also being proposed to reduce the incidence of smoking and drinking. Is that still true, Mr. Speaker?

REP. LAPUS. Mr. Speaker, the hazards of smoking are recognized worldwide. Although moderate alcohol drinking is healthy, as a Russian who lived for 120 years attributes his long life to one bottle of vodka every day. So, Mr. Speaker, the Department of Health (DOH) is aware of this and the revenue that will be raised on this can be used for health information and health care.

REP. CASIÑO. Unfortunately, Mr. Speaker, at the last minute, the committee decided to remove the provisions of the bill earmarking a certain amount to the DOH for its advocacy against smoking and cigarettes. So, how could we say that this would benefit the anti-smoking and anti-alcohol drive of the government when we have removed from the provisions of the bill itself the earmarked amount for those programs?

REP. LAPUS. Mr. Speaker, there may be no specific earmarking but our system in government and in budgeting allow for such appropriation. The committee did so in order to follow the one-fund concept and it might set a precedence that all laws will be earmarked. So, this does not remove the responsibility of the government to

make such allocations, and this money is going to be available.

REP. CASIÑO. But as it is now, we have no guarantee, like for example in the road users' tax, funds are mandated to be used for roads. This time, we have no guarantee that the money to be raised from these taxes will be used for health, for example, or for the education of our people on the dangers of these vices.

REP. LAPUS. Mr. Speaker, the Gentleman mentioned the road users' tax, which is an example of why there should be no similar earmarking because despite the earmarking, it has not been used for the right purpose.

REP. CASIÑO. Yes, but at least, they are accountable and they are required to do it. And so there, we are able to raise questions. But in this bill, I see that the provisions were indeed deleted. And probably later on, some amendments can be made.

Just a last point about that supposedly anti-smoking measure. Does the Gentleman seriously think that raising taxes in this amount will actually discourage smoking? Or will smokers and drinkers merely shift to a lower-priced brand? What are the studies on these things?

REP. LAPUS. Mr. Speaker, data from the National Statistics Office (NSO) show a decline in the Filipinos' consumption of tobacco. In 1994, 1.39 percent of the income of Filipinos was spent on tobacco. In 2000, this figure went down to 1.1 percent. So, there is a real trend, Mr. Speaker. Right now, bigger portion of the family income—25 percent of consumption expenditure per capita—is spent on cigarettes according to the study of the World Bank.

REP. CASIÑO. But is there a study to show that raising taxes on cigarette products will indeed promote a more healthy lifestyle among our people, meaning, they will avoid smoking and drinking?

REP. LAPUS. This is a price elasticity consideration, Mr. Speaker. If the manufacturer passes the incremental tax, then he is treading on the danger of altering demand. But if he decides to absorb the tax as some manufacturers would, if they feel they should not breach a certain price, then they absorb the tax and take a loss on it.

REP. CASIÑO. Because if that is the case, we might be defeating the purpose of the bill. Because if we raise taxes and less people will smoke and drink, then we will in fact be decreasing collections.

REP. LAPUS. But there is a population increase, Mr. Speaker.

REP. CASIÑO. On the other hand, will this tax not make the government

encourage smoking and drinking since it collects so much taxes from these vices? So, instead of preventing people from smoking and drinking, the government in fact will promote these vices because they are a big source of revenue.

REP. LAPUS. The government will be encouraging people to smoke and drink alcohol because there are other measures in fact countering this assumption as they prohibit smoking in buildings, restaurants and public transportation vehicles. There are other ways to make smoking and drinking alcohol difficult, Mr. Speaker.

REP. CASIÑO. But objectively, it will be better for the government if more people smoke and drink because they will get more taxes. Is it not, Mr. Speaker?

REP. LAPUS. From that point of view, but we have to balance that with social and health considerations. We are addressing here a tax measure which is the primordial objective of this bill, Mr. Speaker.

REP. CASIÑO. Mr. Speaker, I would temporarily postpone my interpellation with the possibility of further interpellating later on. I will temporarily stop in order to give a chance for other colleagues to also question the Gentleman from Tarlac.

Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. DE GUZMAN. Mr. Speaker, may I ask that Rep. Jesus Crispin C. Remulla be recognized.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Remulla is recognized.

REP. REMULLA (J.). Thank you, Mr. Speaker.

May the Gentleman from Tarlac yield to a few questions from this Representation.

REP. LAPUS. Gladly, to my distinguished colleague from Cavite.

REP. REMULLA (J.). The Gentleman mentioned earlier about a 1.49 percent income, a portion of the income of the Filipino family for a certain year. What year was that, Mr. Speaker?

REP. LAPUS. This is an NCSO data for 1994, Mr. Speaker.

REP. REMULLA (J.). How about the 1.1 percent, Mr. Speaker?

REP. LAPUS. That is for 2000, after the tax had been adjusted in 1997.

REP. REMULLA (J.). As an economist, given a change of approximately .40 percent or .39 percent, how would he compare this to the inflation in our economy?

REP. LAPUS. There was a drop in the country's economy, Mr. Speaker, and this was just a percentage of income. So, another variable here is income. If the income goes down even on a fixed peso basis of consumption, the percentage goes higher or lower.

REP. REMULLA (J.). But given the purchasing power of the consumer in 1994 vis-à-vis the cited figure five years after, would he say that this is even below inflation figures if we go into the income of the Filipino family?

REP. LAPUS. This is a consumption figure, Mr. Speaker, which details the spending habit of a Filipino family.

REP. REMULLA (J.). Yes.

REP. LAPUS. It is like out of P100, they spend P1.49 for cigarettes.

REP. REMULLA (J.). But at that time, Mr. Speaker, how much was the peso then as compared to the peso four years ago?

REP. LAPUS. This is why the figures were expressed in the percentage of their income.

REP. REMULLA (J.). We can call these data irrelevant then because we cannot really base this figure as a benchmark for assuming that there was less consumption on the part of the Filipino family because of the figures that the Gentleman cited.

REP. LAPUS. They are comparable figures in the sense that they are computed in the same way.

REP. REMULLA (J.). They are computed in the same way but different cumulative inflation figures are used, Mr. Speaker. Would the sponsor agree with me?

REP. LAPUS. Yes, Mr. Speaker.

REP. REMULLA (J.). So, we are working on the wrong premise from the very beginning.

REP. LAPUS. Not really. It is like even if the amount of income changes, we are talking in percent, Mr. Speaker.

REP. REMULLA (J.). Yes...

REP. LAPUS. As we can see, they are both on a 1.19 percent. So, there is a slight change, Mr. Speaker.

REP. REMULLA (J.). Can we repeat that?

REP. LAPUS. It is 1.194 percent, to be precise.

REP. REMULLA (J.). For what year?

REP. LAPUS. For 2000, Mr. Speaker.

REP. REMULLA (J.). For 2000. So, the Gentleman is talking about a six-year difference. What was the exchange rate then, Mr. Speaker, in 1994?

REP. LAPUS. I do not recall, Mr. Speaker, but the exchange rate may not be totally relevant because we are talking in percentage. As inflation and prices of cigarettes also go up, the total basket of commodities also goes up and the percentage quoted in the proposed bill still applies, Mr. Speaker.

REP. REMULLA (J.). Yes, but when we speak about the national economic expenditures and gross domestic product, gross national product, foreign exchange comes into play, Mr. Speaker. Is it not?

REP. LAPUS. It certainly does, Mr. Speaker.

REP. REMULLA (J.). So, if the value of the peso deteriorated from 1994, after six years, then this .3 percent in household purchasing for cigarettes is actually a plus for a cigarette manufacturer.

REP. LAPUS. Their products and raw materials will also inflate, Mr. Speaker. Cigarettes, I believe, have 60 percent imported material content, paid in foreign currency. So, the depreciation of the peso is captured by the inflation.

REP. REMULLA (J.). So, the Gentleman is saying that because only 1.1 percent of the income in 2000 went to smoking, definitely this has dampened the demand for smoking?

REP. LAPUS. No, what I am saying is that the trend is not upwards. The trend

worldwide is going down because relative to the purchasing power of the Filipinos, cigarettes are more expensive in the sense that the Philippine consumption expenditure per capita is low. So, statistics here says that compared to developing countries, the percent of income to buy one pack of local retail price is 25 percent versus Japan which is only four percent.

REP. REMULLA (J.). Mr. Speaker, I would like to go into that point where the Gentleman brought in the developing countries. But Japan taxes cigarettes at 84 percent a pack.

REP. LAPUS. This is why, despite the high price of cigarettes, the Gentleman will be interested to know that in Germany, only 6.8 percent of the income is needed to buy one pack versus that in the Philippines where 25 percent of income per capita of a Filipino family is needed to buy one pack of cigarettes. In other words, while the absolute prices of cigarettes may be high in Germany or in the USA, the affordability for the customer is even higher and the percentage of consumption of cigarettes per pack of cigarette is only one digit, whereas to a Filipino, even if they say *mas mura ang sigarilyo sa Pilipinas*, the affordability is very low, so that 25 percent of his income is needed to buy one pack of cigarettes.

REP. REMULLA (J.). So, the Gentleman is saying that he is agreeable to the notion that a Filipino father earning P100 will spend P25 for cigarettes and the rest of this income will be for the needs of the family. Is that the premise, Mr. Speaker?

REP. LAPUS. No, Mr. Speaker. I am citing statistics *vis-à-vis* the relativity of prices of cigarettes to consumption expenditure per capita. That is all I am saying, Mr. Speaker.

REP. REMULLA (J.). Yes, per capita, Mr. Speaker. Per capita means per person, Mr. Speaker.

REP. LAPUS. Yes.

REP. REMULLA (J.). So, the Sponsor is agreeable to the notion that for every Filipino, it is all right for 25 percent of his income to go to smoking?

REP. LAPUS. It is not. In fact, right now it is only P1.20 for every P100.

REP. REMULLA (J.). So, does the Gentleman believe that there should be a deterrent, that the government would use taxation under the police power of the State to deter Filipinos from smoking since smoking is considered a global or worldwide epidemic?

REP. LAPUS. That should be a comprehensive campaign by the government, Mr. Speaker, and taxation is one of them. And this is why, as I mentioned, cigarette is already, in relation to capacity to purchase, an expensive commodity so that the purchasing power of a Filipino family is not on a per pack but on a per stick basis.

REP. REMULLA (J.). Yes.

REP. LAPUS. And it is only one stick—it is not even two sticks—because nahihingi po iyong pangalawa eh. So, Mr. Speaker, we get the Gentleman's point that health considerations are clear. Even if 50 percent of the labels are covered with warnings that cigarette kills, cigarette is bad for pregnant women, and so on, smoking is a vice, Mr. Speaker.

REP. REMULLA (J.). Mr. Speaker, earlier, the Gentleman said that he expects to collect P7.6 billion from this measure, including alcohol. Am I correct?

REP. LAPUS. That is correct, Mr. Speaker.

REP. REMULLA (J.). How much does the Gentleman expect to raise from cigarettes then, Mr. Speaker, from this measure?

REP. LAPUS. The government stands to collect P22 billion. So, that amount times 20 percent is P4.4 billion.

REP. REMULLA (J.). Is it P4.4 billion?

REP. LAPUS. That is correct, Mr. Speaker.

REP. REMULLA (J.). Is the Gentleman basing this on 88 billion sticks?

REP. LAPUS. Mr. Speaker, I am basing it on the existing excise tax of P22 billion expected for 2004.

REP. REMULLA (J.). So the total tax take on cigarettes would be how much, Mr. Speaker, after this measure is passed this year?

REP. LAPUS. That would be P26.4 billion.

REP. REMULLA (J.). But, Mr. Speaker, would the Gentleman agree with me that because of the across-the-board raising of taxes by percentage there will be downshifting also in the usage of tobacco? For those who are smoking more expensive brands, it is very possible and most probable that they will shift to lower priced brands.

REP. LAPUS. Mr. Speaker, there have been consultations with the industry, and the industry has taken this as a doable number. Meaning, the industry is in the best position to state whether the demand for their products would be adversely affected. The industry has accepted 20 percent as a manageable rate, Mr. Speaker.

REP. REMULLA (J.). So, this measure only raises taxes for both tobacco and alcohol?

REP. LAPUS. Across-the-board, Mr. Speaker.

REP. REMULLA (J.). And tobacco alone will raise P4.4 billion. How much from alcohol, Mr. Speaker?

REP. LAPUS. That would be the balance, Mr. Speaker. Alcohol would be P7.6 billion minus P4.4 billion, Mr. Speaker.

REP. REMULLA (J.). So, P3.2 billion?

REP. LAPUS. Yes. It is P3.2 billion, Mr. Speaker.

REP. REMULLA (J.). The Gentleman said that this is a compromise bill, Mr. Speaker. Can he please enumerate the different bills filed inclusive of both alcohol and cigarette taxes and how much the government would have raised if they were the ones adopted? Can he please tell this Body, this august Chamber, Mr. Speaker? Let us be intellectually honest and tell everybody what measures were proposed and how much would the government have raised if one of these measures were passed.

REP. LAPUS. All right. There is House Bill No. 2135 authored by Congressman Cagas, Mr. Speaker, which calls for an 18 percent amounting to P5.5 billion.

REP. REMULLA (J.). Is that both for cigarettes and alcohol or only alcohol? Let us be clear, Mr. Speaker.

REP. LAPUS. That is the total for alcohol and cigarettes, Mr. Speaker.

REP. REMULLA (J.). All right. How about the others? I think there are others, Mr. Speaker.

REP. LAPUS. Also House Bill No. 1591 authored by Congressman Singson with a similar amount of P5.5 billion.

REP. REMULLA (J.). That is the total also for both cigarettes and alcohol.

REP. LAPUS. These are the totals, Mr. Speaker. House Bill No. 194 of Speaker De Venecia with an amount of P14.4 billion.

REP. REMULLA (J.). Mr. Speaker, it is P14.4 billion inclusive of cigarettes and alcohol.

REP. LAPUS. These are all inclusive of cigarettes and alcohol.

REP. REMULLA (J.). Why did the committee not adopt that measure, Mr. Speaker, if that is the best tax measure that we can find within the proposals since this country is in crisis?

REP. LAPUS. Mr. Speaker, we have to consider also that an increase in tax rate does not automatically mean an increase in tax collection. The increase in tax collection might alter the demand side which would then result in a disruption of consumption.

REP. REMULLA (J.). So, the Gentleman is saying that the Speaker of the House filed a wrong bill.

REP. LAPUS. The amount of P14.4 billion is not attainable according to the players. We can go theoretical. Why 20 percent? Why not 50 percent or 100 percent? Because it has to be a rate increase that will also produce the volume.

REP. REMULLA (J.). So the Gentleman is talking about volume now, Mr. Speaker. The committee wants people to consume more cigarettes and more alcohol if that is the case?

REP. LAPUS. No, we are assuming the same volume, Mr. Speaker.

REP. REMULLA (J.). Does the Gentleman have any projections about the volume of cigarettes or alcohol to be consumed for the next five years, given this projection and the exhaustive studies that the committee has done in the absence of many of its members?

REP. LAPUS. Mr. Speaker, given the same volume and the increase in taxes, these numbers that we mentioned—the P26 million—will be attained. If there is no increase whatsoever in the volumes—in their removals—the increase in rate will result in the increase of taxes that we have mentioned.

REP. REMULLA (J.). So, it is also possible that the supposed P7.6 billion will not be attained, Mr. Speaker.

REP. LAPUS. It is possible, but the players say it is not probable.

REP. REMULLA (J.). Is it not probable, Mr. Speaker? Is the Gentleman saying that that is an absolute? That that figure will assure us 100 percent that there will be no deviation from the figure he cited?

REP. LAPUS. No, Mr. Speaker. As we know very well in business, one cannot predict. Things could happen about the economy and consumption. This is why I am saying it is possible, but the players say it is not probable. We are not saying that with 100 percent probability, then it is not possible.

REP. REMULLA (J.). I was just using ordinary language, Mr. Speaker, and I am sorry for that. So, the Gentleman is talking about the market players, Mr. Speaker. How about the farmers? During the hearings of the Committee on Ways and Means did we not hear about the plight of tobacco farmer being impoverished and being one of the most aggrieved sectors in this society?

REP. LAPUS. The purchase of local tobacco has declined as was presented, so that is their plight. Yes, Mr. Speaker.

REP. REMULLA (J.). But in the hearing of the Department of Agriculture yesterday, the National Tobacco Administration (NTA) said that the tobacco industry is flourishing and the farmer is getting rich. So, who is telling the truth, Mr. Speaker? Is it the player or the government?

REP. LAPUS. I would tend to believe our colleagues from the North, Mr. Speaker. I have asked our colleague, Rep. Eric Singson, the head of the Northern Alliance, what the situation is. He says the NTA is wrong.

REP. REMULLA (J.). The NTA is wrong.

REP. LAPUS. Yes.

REP. REMULLA (J.). So, should we get rid of the NTA, Mr. Speaker?

REP. LAPUS. That is not the conclusion, Mr. Speaker.

REP. REMULLA (J.). Mr. Speaker, we pay the salaries of NTA employees and put a budget into it. But if we are not going to believe the figures it puts out into this august hall, what is its role then?

REP. LAPUS. This probably needs a meeting or an inquiry, Mr. Speaker.

REP. REMULLA (J.). The NTA said that the cigarette industry or the tobacco industry is expanding, Mr. Speaker. So, is the NTA lying, Mr. Speaker?

REP. LAPUS. It is expanding but there are players who are importing, who are not buying enough from our farmers. So, the absolute finished goods could be high, but the offtake from our farmers might not have the same increase in our market.

REP. REMULLA (J.). The Gentleman is talking about inflation and this should have been indexed inflation as early as 2001, but the law was passed in 1997, Mr. Speaker.

REP. LAPUS. Yes, Mr. Speaker.

REP. REMULLA (J.). What has been the cumulative inflation since 1997?

REP. LAPUS. If the Gentleman will give me a second, Mr. Speaker, it is 45.7 percent for six years.

REP. REMULLA (J.). So, it is 45.7 percent for six years, but we are increasing our tax by 20 percent and the premise of our tax is inflation. So, are we not working on the wrong figure?

REP. LAPUS. Mr. Speaker, an indexation was done in 2000. So, there was a 12 percent decrease in 2000, Mr. Speaker.

REP. REMULLA (J.). So, Mr. Speaker, we will be collecting P26 billion from these taxes while the social cost, according to the DOH, is P46 billion. In effect, we will be subsidizing the industry by P20 billion. Would that be correct, Mr. Speaker?

REP. LAPUS. On that arithmetic, that is correct. But may I express my reservation. We are never sure if we can attribute all those cases to smoking, Mr. Speaker.

REP. REMULLA (J.). So, this time, the Gentleman is saying that the DOH is wrong again. Earlier, the NTA was wrong. The Gentleman has two wrong agencies already, Mr. Speaker.

REP. LAPUS. I am simply saying we see these statistics. We cannot attribute smoking to all cases admitted in the National Kidney and Transplant Institute, in the Heart Center and in the Philippine General Hospital. But as I said, the numbers are right, if they say this is the amount, and that is the difference.

Mr. Speaker, may I also say that the taxes we mentioned are only excise taxes.

There is the value-added tax, the import duty on the 60 percent raw materials, the income tax. So, we can say that the 26 percent, the total tax of the industry, is not even the P26.5 billion.

REP. REMULLA (J.). So, definitely, what we will be earning from cigarette taxes will not be equivalent to the social cost of smoking, Mr. Speaker. Is that correct?

REP. LAPUS. The Gentleman can put it that way, Mr. Speaker.

REP. REMULLA (J.). Thank you, Mr. Speaker, for that honest retort.

Maybe I will go to my last three points. In other countries, given the current exchange rate, to prohibit smoking or maybe to dissuade people from smoking, Singapore taxes its consumers P193 per pack; Hong Kong, P115 per pack; Japan, P81 per pack; Korea, P24 per pack; Taiwan, P19 or P20 per pack; Malaysia, P16 per pack. Mr. Speaker, on the average, how much will we be taxing our taxpayer with this measure, on a per pack basis?

Mr. Speaker, why is it not possible for us to do the same thing?

REP. LAPUS. Sorry, Mr. Speaker, we are trying to calculate.

REP. REMULLA (J.). So, how much per pack, Mr. Speaker?

REP. LAPUS. Mr. Speaker, mahina ang kalaban. Does the Gentleman have the number? Baka mayroon kayo.

REP. REMULLA (J.). It is P193 sa Singapore; sa Malaysia, P16; sa Japan, P81. Dito sa measure natin, sa sigarilyo, magkano per pack ang tax natin? Is it 90 centavos, 80 centavos?

REP. LAPUS. It is about P6. That is my ballpark figure.

REP. REMULLA (J.). So it is P6 per pack.

REP. LAPUS. Yes, Mr. Speaker.

REP. REMULLA (J.). No additional? We are talking about the new revenue measure, Mr. Speaker.

REP. LAPUS. Yes. On the average, about P1, Mr. Speaker.

REP. REMULLA (J.). So that is how we are taxing our consumer, at P1 per pack on the average which means that majority of those smokers smoke the cheaper cigarettes.

REP. LAPUS. Because majority of the smokers belong to income class D and E as majority of those who travel our roads belong to the lower-income class bracket, Mr. Speaker.

REP. REMULLA (J.). I thank the Gentleman for mentioning that fact, Mr. Speaker, because according to the DOH statistics, for classes A and B, only one percent get sick from smoking; for class C or maybe the class C income, six percent get very sick from smoking; from class D, from the cheaper brands, for those who smoke cheaper cigarettes, 66 percent get sick and from class E, 27 percent get sick from cigarettes. So, we are now passing a tax measure for the masses so that they can smoke more. Is that not the point, Mr. Speaker?

REP. LAPUS. Mr. Speaker, we are doing an across-the-board adjustment on tax rates. We are not altering the distribution so that the status quo will be a reasonable number. I have the number here on annual health care cost and productivity losses from the DOH.

REP. REMULLA (J.). Yes. It is P46 billion, Mr. Speaker.

REP. LAPUS. It is P46.35 billion.

REP. REMULLA (J.). Yes. And the revenue measure is going to raise P26 billion, Mr. Speaker.

REP. LAPUS. On the first year.

REP. REMULLA (J.). On the first year, including the old taxes imposed before.

REP. LAPUS. That is correct.

REP. REMULLA (J.). So, we are subsidizing the cigarette industry by P20 billion, in effect, with the social cost involved.

REP. LAPUS. Minus the other taxes that they are paying, Mr. Speaker.

REP. REMULLA (J.). So, Mr. Speaker, after all these questions have been raised and elicited, is the Gentleman convinced that this is the best measure for the country or should we not raise taxes further and make it a deterrent to smoking because smoking is an epidemic?

REP. LAPUS. Mr. Speaker, as I said, this is a tax measure to collect much-needed additional and delayed taxes from 2001. That is our objective in this bill.

REP. REMULLA (J.). Mr. Speaker, does the Gentleman have an idea of how much a kilo of tobacco cost from the farmer?

REP. LAPUS. Mr. Speaker, may I ask our Vice Chairman, the honorable Rep. Eric Singson, also an author of the bill, to answer questions related to the farmers. Mr. Speaker, may I ask that he be recognized.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). Is he around?

REP. LAPUS. Yes, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Singson is recognized.

REP. SINGSON. Yes. I thank the Gentleman, Mr. Speaker. May I ask the Gentleman from Cavite to repeat his question.

REP. REMULLA (J.). Yes. I thank the Gentleman for the opportunity to at least raise some questions to somebody who knows the industry very well.

How much is a kilo of tobacco on the average, the Virginia, burley, native in the tobacco-growing provinces?

REP. SINGSON. Mr. Speaker, it varies. The prices on Virginia tobacco start from what we call rejects, which is probably about P10 going up to P20 depending on the class. And we also have class E which is more than P20, and class D going up to about P54 which is already class A. What I mean is, we have A, B, C, D and E.

REP. REMULLA (J.). We have different grading systems for every type of tobacco, Mr. Speaker.

REP. SINGSON. Yes, Mr. Speaker.

REP. REMULLA (J.). That is what the Gentleman stated.

REP. SINGSON. Yes, Mr. Speaker. And of course, for native and the other kind of tobacco they also have a different price, Mr. Speaker.

REP. REMULLA (J.). So, Mr. Speaker, would he say that we grow good quality tobacco, bad quality tobacco or very low quality tobacco? Do we grow just filler tobacco or what kinds of tobacco do we grow? Is he proud of the product grown in his region, Mr. Speaker?

REP. SINGSON. Mr. Speaker, I am proud that we grow tobacco in our region. And as I have said, we grow good tobacco. But tobacco in one stalk is composed of different kinds of...

REP. REMULLA (J.). Yes, I am aware of that, Mr. Speaker.
Now, the Gentleman said that he has a high figure of P54 and a low of P10.

REP. SINGSON. That is grade AA and A.

REP. REMULLA (J.). Mr. Speaker, how many sticks of cigarettes can one make from a kilo of tobacco?

REP. SINGSON. I am not sure of this thing. I think it is about 50 plus packs of cigarettes.

REP. REMULLA (J.). Mr. Speaker, according to my research, it is 83 packs of cigarettes. According to other figures, it is 55 packs of cigarettes from one kilo of tobacco. So, Mr. Speaker, would the Gentleman agree with me that this industry is a very profitable industry?

REP. SINGSON. Mr. Speaker, it used to be one, but with the change of the times when we have the World Trade Organization (WTO) in place, imported tobacco comes in, so that we get affected. But in spite of this, we also tried our best to improve our tobacco products in the North, and I am proud to say that to date, the farmers can still sell all their products, except that the prices are affected because of competition.

REP. REMULLA (J.). But there are no quotas in tobacco, Mr. Speaker, compared to other commodities treated around the world. There are no quotas in tobacco. Are there?

REP. SINGSON. There are no quotas, Mr. Speaker.

REP. REMULLA (J.). So, we can also export our tobacco.

REP. SINGSON. Yes, we also export tobacco.

REP. REMULLA (J.). So, would the Gentleman agree to the statement of the Gentleman from the National Tobacco Administration that we have a thriving tobacco industry?

REP. SINGSON. I would say that right now it is not what it used to be. In fact, we have been asking the NTA to do a lot of work to improve the quality of our tobacco to be able to compete in the world market.

REP. REMULLA (J.). Yes, but yesterday, in the Department of Agriculture hearing, the NTA stated that we have a very good world-class tobacco being grown in tobacco-growing provinces.

REP. SINGSON. As I have said, yes.

REP. REMULLA (J.). And the Gentleman is proud of that, Mr. Speaker.

REP. SINGSON. I am proud of what we produce in our place, Mr. Speaker.

REP. REMULLA (J.). So, if we look at the cost of tobacco, Mr. Speaker, the cost of cigarette computed at 1,000 sticks per kilo or one gram per stick, what is the input or cost of tobacco in the cigarette, Mr. Speaker?

REP. SINGSON. I am not sure, Mr. Speaker.

REP. REMULLA (J.). It is P0.001, Mr. Speaker.

REP. SINGSON. I am not privy with the cost because I am not a manufacturer, Mr. Speaker. I am only privy with the cost of ...

REP. REMULLA (J.). Then, if we compute the figures together, would that be less than one percent of the cost of a tobacco ingredient?

REP. SINGSON. I am not so sure, Mr. Speaker.

REP. REMULLA (J.). Then let us compute it. Let us put the price of tobacco at P50, grade A, and at 1,000 cigarettes. So, that is how much? Can we have a calculator in the House so we may know what is the input of tobacco in a cigarette?

Mr. Speaker, since I have taken a lot of time, may I just reserve more time later on to ask more questions. Thank you for giving me this first opportunity. I hope I will be given another opportunity to speak and interpellate on the subject matter. Thank you.

Thank you, Mr. Speaker.

REP. SINGSON. Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. DE GUZMAN. Congratulations to the Honorable Remulla.

Next to interpellate is the Honorable Guingona of Bukidnon. May I move for his recognition.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Gentleman is recognized. What is the desire of the Gentleman?

REP. GUINGONA. Mr. Speaker, I would like to ask if the Gentleman from Tarlac would yield to some questions.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). He may if he so desires.

REP. LAPUS. Gladly, to my honorable colleague.

REP. GUINGONA. Mr. Speaker, my questions will touch on the procedural aspects antecedent to this bill.

Mr. Speaker, it is a cardinal rule that while Congress is in recess no committees can meet. Committees are an extension of the plenary yet the Committee on Ways and Means, which passed this bill, met during recess. Is that not right, Mr. Speaker?

REP. LAPUS. Mr. Speaker, that is correct. The Committee on Ways and Means sought and received authority from the Committee on Rules before the start of recess to work on these urgent measures during recess, and I believe this has been resolved by the Majority and Minority Leaders subsequently.

REP. GUINGONA. I disagree, Mr. Speaker. At that point, when the minority questioned the proceedings, we were shown an authorization, not a resolution, signed by the Chairman of the Committee on Rules. I would like to state that the Chairman of the Committee on Rules is not the committee himself. Is that not so, Mr. Speaker?

REP. LAPUS. Mr. Speaker, in good faith, the committee relied on the letter which stated that the meeting of the Committee on Rules on a certain date has approved the request of the Committee on Ways and Means to work during recess.

REP. GUINGONA. Does the Gentleman not recall that during that committee meeting in which the minority objected, Mr. Speaker, the Gentleman agreed not to officially—and I would like to emphasize—not to officially proceed with the proceedings? Is that not right, Mr. Speaker?

REP. LAPUS. In deference to our distinguished colleague from the minority, we give the benefit of the doubt on that one, but we did have an official meeting, the proceedings of which have been subsequently ratified in subsequent meetings, including the meeting during the regular session on Monday, October 25, Mr. Speaker. So, all such past meetings were ratified and the black and white submittals by the resource persons with prior clearance from the minority that this will be secured was done. But having said that, Mr. Speaker, we recognize that our

honorable colleague has merely performed his job and we commend him for that.

REP. GUINGONA. And is it not true that after the Gentleman agreed to proceeding on an unofficial basis on the day Congress was supposed to convene for plenary after a recess, the Committee on Ways and Means voted on the bill?

REP. LAPUS. Mr. Speaker, that was in executive session. But one of the resolutions in that executive session was to ratify the prior proceedings to that meeting, which was October 18, and which was subsumed by the meeting of October 21, at which time the minority was sufficiently represented. The Monday meeting was regular and six members of the minority were present and voted against, while some 26, I believe, voted in favor.

REP. GUINGONA. Mr. Speaker, on that day, the committee indeed had a quorum. But I would like to point out that on that day they voted at 2:00 p.m. and plenary was to convene at four o'clock. So, technically, Congress was still in recess and, therefore, the meeting was invalid. Is it not so, Mr. Speaker?

REP. LAPUS. We disagree, Mr. Speaker. We do not think so.

REP. GUINGONA. Mr. Speaker, thereafter the bill was submitted to the Committee on Rules. I would like to point out that very few Congressmen or members of the Committee on Rules had read the bill. All members of the Committee on Ways and Means read the bill when it was transmitted. Is that not true, Mr. Speaker?

REP. LAPUS. Mr. Speaker, very rare if ever do committees of such size, like the Ways and Means Committee with a hundred regular members plus over 20 deputized members, would have a perfect attendance, and those who were present saw the bill. And the circulation of the committee report, in the interest of time and efficiency—practically half of Congress are members of the Committee on Ways and Means—the required signatures were already obtained. Up to this time, Mr. Speaker, the signatures are still being gathered in the desire of much more Members to sign the said committee report. And may I say that debating this issue until now means that the Committee on Rules has recognized and, in effect, ratified the proceedings, giving it the blessing of regularity, Mr. Speaker.

REP. GUINGONA. Mr. Speaker, I would like to point out that at the time it was transmitted to the Committee on Rules, not one signature of the minority nor even the majority members was present since this is not a minority versus a majority issue. Mr. Speaker, Congressman Remulla of Cavite and Congressman Mandanas of Batangas both filed bills on this matter. Then when Congress went for a break, they

left as they should because Congress was in recess. When they came back, lo and behold, they were not given the opportunity to ventilate their ideas nor were they given an opportunity to share their viewpoints to discuss and debate on their bills. They expressed surprise. And today, they expressed disappointment.

Is that not true, Mr. Speaker?

REP. LAPUS. Mr. Speaker, when we adjourned before recess, we informed the committee that the committee would have hearings during recess. That was a verbal notice followed by notices that were submitted. Unfortunately, some of our colleagues went abroad, and so was the Chairman, but I came back for the session. The committee had done its best to circulate the report including giving information to their respective offices, Mr. Speaker.

REP. GUINGONA. Mr. Speaker, it seems that the Gentleman from Tarlac and my views will never meet. Before I end my interpellation, Mr. Speaker, I would like to manifest to everyone in Congress, my colleagues, that House Bill No. 3174 was bereft of ventilation of ideas. There was no sharing of viewpoints. There was no discussion or debates. Proper procedures were cut short. They were not complied with.

This, Ladies and Gentlemen, is indicative of this administration. This administration is not capable of democracy. At most, it is capable of misleading not only the legislators but the Filipino people as well. This piece of legislation, I believe, has been railroaded. And like a thief in the night, the opportunity to discuss, to ventilate, to understand the issues, was stolen from us. Today, we are given copies of this bill and being asked to vote on it in a few hours. This is not democracy, Mr. Speaker. I therefore urge all and one to vote against this bill.

Thank you, Mr. Speaker.

REP. LAPUS. Mr. Speaker, just for the record, this Representation takes exception to the flaws. If there are minor oversights, these are not deliberate. We respect our colleague's sentiments. We, however, must, for the record, disagree and we feel that this bill, with all the processes it has undergone subsequently, is regularized.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Mr. Speaker, I move that the distinguished Minority Leader be recognized for his interpellation.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Escudero is recognized.

REP. ESCUDERO. Mr. Speaker, will the Gentleman yield to a few questions?

REP. LAPUS. Certainly, it will be my honor to be interpellated by the distinguished Minority Leader.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Minority Leader will please proceed.

REP. ESCUDERO. Mr. Speaker, taking off from what the Honorable Guingona said a while ago, puwede po ba naming malaman kung ilang hearings po ba ang isinagawa ng Ways and Means Committee tungkol dito sa sin taxes?

REP. LAPUS. There were nine hearings all in all: September 1, 6, 7, 14, 20, 21, 22, October 18 and 20 plus October 25. There were a total of 10 invitations, 10 hearings made, Mr. Speaker.

REP. ESCUDERO. Mr. Speaker, dalawa po ang binubuwisan natin dito, sigarilyo at alak. Maaari ko po bang malaman kung ilang beses nagkaroon ng pagdinig tungkol sa cigarette tax?

REP. LAPUS. Sa atin pong record ng pagdalo, ang mga players po rito ay nagparticipate sa nine hearings. Sa diskusyon po sa sigarilyo, hanggang September 22 po, seven times.

REP. ESCUDERO. Mr. Speaker, if the committee conducted seven hearings out of the 10 to discuss the taxes to be imposed on cigarettes, and I assume that the last hearing on October 25 was merely to ratify the committee report and the October 18 hearing did not push through officially, so the hearing made for liquor tax was only one. Is that correct, Mr. Speaker?

REP. LAPUS. Although the October 18 hearing was called unofficial, everyone was given the opportunity to resent and submit their position papers as they were presented orally during that informal meeting on the following day. The cigarette tax is known to be much more contentious than the alcohol tax. So, hindi po binigyan ng equal number of hearings ang liquor and cigarettes because the resource persons, the players, were satisfied with their presentations.

REP. ESCUDERO. Mr. Speaker, per the records, officially, the committee conducted only one hearing insofar as liquor tax is concerned and seven hearings on cigarette tax, bearing in mind, of course, the points raised by the Honorable Guingona that even the singular hearing the committee conducted on liquor products is of

questionable nature since it was conducted during the recess. Would that be a fair statement, Mr. Speaker?

REP. LAPUS. Mr. Speaker, we were allowed to proceed on a Wednesday and we cleared that with the Majority and Minority Leaders.

REP. ESCUDERO. Tutukuyin ko po iyan, Mr. Speaker. Unlike the Committee on Ways and Means, the Minority and Majority Leaders gave their respective consent for the National Defense Committee to conduct its hearings during the recess so it would not be accused of being part of any cover-up insofar as General Garcia is concerned.

However, insofar as the Ways and Means Committee is concerned, no such authorization emanated either from the Majority or the Minority Leader. Add to that the fact, Mr. Speaker, as the Gentleman said, they proceeded in good faith. That was what he said a while ago, given the fact that it had putative authority from the Committee on Rules.

However, the fact that the committee proceeded in good faith does not make legal what was otherwise illegal; neither does it give authority to what was otherwise unauthorized by our Rules or by plenary.

I do not expect a response, Mr. Speaker, from the good Gentleman. The minority will be reserving our right, if at all, to question this matter in a higher forum, given the procedural lapses that this House followed insofar as the passage of this particular measure is concerned.

Going now again to another point and procedure, ang isa pong dahilan kung bakit tinututulan namin iyong pagdinig noong recess ay dahil, una, walang notice. Bago po tayo nag-adjourn, pinag-usapan natin dito na ang puwede lamang magmiting ay ang Committee on Appropriations. At kung mayroon man pong pagdinig na magaganap ang Committee on Appropriations, magsisimula lamang ito ng October 11.

I distinctly remember, Mr. Speaker, it was the Honorable Paras who brought it out that if we are going to go on recess, we should go on recess and give the Members an opportunity to visit their respective constituencies.

Ang pinakaproblema po namin kung nagkaka-hearing pag recess ay nawawalan ng pagkakataon na maka-attend ang mga Miyembro sa mga nasabing pagdinig. Huwag na po nating hilingin na lahat ng Miyembro ng Committee on Ways and Means ay mag-attend.

Can the distinguished Chairman of the Committee on Ways and Means state factually na lahat ng mga authors ng mga bills na diniskas ninyo ay nag-attend noong kayo ay naghi-hearing noong recess? Because this is a consolidated bill comprising of about 10 measures. Puwede ko po bang malaman, noong naghi-hearing kayo noong recess kung lahat ng authors ng bill ay nakapag-attend o binigyan man lamang natin ng pagkakataong makapag-attend dahil bill po nila ito? Huwag na nating hanapan pa

ng attendance iyong ibang Miyembro ng Committee on Ways and Means. Ang mga authors po ba ng bill—and I will enumerate them one by one—the Honorable De Venecia, Suarez, Singson, Cagas, Figueroa, Javier, Cua, Libanan, Remulla, Noel, Mandanas and Fuentebella, just for the record, were present in any of the hearings the committee conducted during the break?

REP. LAPUS. No, they were not all present but notices were served. They have duly received notices.

REP. ESCUDERO. May we know how many of these 10 authors actually attended the hearings conducted during the recess?

REP. LAPUS. I beg the Gentleman's indulgence, Mr. Speaker. The committee secretary is rummaging into the records. In the meantime, Mr. Speaker, may I state that it is not a practice of the last three Congresses to require the presence of all the authors of a bill that is being discussed in a hearing if they do not so desire since they had already been served due notices, and to prevent a hearing from proceeding if all of the authors are not present. It is just that during this recess, it was the alcohol section of the bill which was discussed, which was recognized by most, if not all, as noncontentious or noncontroversial as the cigarettes.

REP. ESCUDERO. Mr. Speaker, just to comment on what the distinguished Chairman of the Ways and Means Committee just said, I will raise the issue at a later time and to the proper person given the fact that at least two of the authors were not given a fair opportunity to be notified and to attend these hearings, inasmuch as the hearing was conducted during the recess and notices were also sent during the break when nobody expected that indeed the Ways and Means Committee would be meeting while we were supposedly on break.

While we are waiting for the data, may I proceed to another point. Iyong unang panukala po na sinertify ng Malacañang o ng administrasyon, ang kanila pong tinarget na malilikom mula sa sin taxes na binago natin, kung hindi po ako nagkakamali, ay P27 billion. Would that be an accurate statement, Mr. Speaker?

REP. LAPUS. Again, Mr. Speaker, even with the economic team, understandably there have been refinements of their versions and of their thinking and analysis. So, according to the DOF, Mr. Speaker, it was P14 billion.

REP. ESCUDERO. Mr. Speaker, may I know as of what date that P14 billion figure stands. If I distinctly remember, when the President announced her tax reform agenda, the sin taxes were the biggest ticket item and she gave a figure at that time of about P25 billion. Ito raw po ang pinakamalaking puwedeng pagkunan natin ng

revenue noong mga panahong inanunsiyo ng Pangulong Arroyo itong maraming tax measures na kaniyang ipinanukala. And that was when she announced her tax agenda. May I know as of what date was this. Bumababa po kasi nang bumababa eh. Ang narinig ko kay Rep. Joey Salceda ay P17 billion; huli ko pong narinig si Presidente, P25 billion; ngayon po, P14 billion. May I know as of what date this P14-billion target figure is.

REP. LAPUS. It was August 29, according to the DOF, Mr. Speaker.

REP. ESCUDERO. Mr. Speaker, kung in-adjust po nila sa P14 billion from an original P25 billion at ang target pong malilikom ng gobyerno ay P80 billion, puwede ko po bang malaman mula sa Chairman ng Ways and Means Committee kung ang target din po ba nating P80 billion ay bumaba na o may panibago na naman kayong panukalang buwis para mapunuan po ang pagkukulang na humigit-kumulang P10 bilyon hanggang P11 bilyon?

REP. LAPUS. Mr. Speaker, we have to admit that when the State-of-the-Nation Address (SONA) was delivered, the numbers mentioned were ballpark figures and that many variables have come into play into each tax measure mentioned by the President. As we proceeded on overtime, we were able to refine the bill. We have an updated total of eight tax measures and we are still seeing a low of P80 billion and a high of P91 billion, excise tax being stated at P7 billion, Mr. Speaker.

REP. ESCUDERO. Kung sa proposal po ng DOF, P14 billion sana, pwede ko po bang malaman mula sa Chairman, magkano po under the proposed committee version of the bill ang dagdag na malilikom ng gobyerno by way of additional revenues?

REP. LAPUS. As we have earlier stated, it is P7.6 billion on the first year; P8.7 billion on the second year; P9.9 billion on the third year or a total of P26.2 billion. But I guess the relevant number our distinguished Minority Leader would be interested in is the P7.6 billion, which is a year one implementation.

REP. ESCUDERO. So, mula po sa P14 billion, binabaan po natin sa P7 billion ang ating target amount. Kung ang target po natin ay P80 billion noong una, minus P7 billion, ang maaasahan po lamang natin, given the proposals of the President, is about P73 billion, at least for 2005?

REP. LAPUS. Mr. Speaker, because the rest of the other bills are being estimated also as follows: tax amnesty - P9 billion; repeal of VAT exemptions - P9 billion; lateral attrition, we are not putting a number but if this results in efficiency then we are able to make some improvements on the leakages that

have been mentioned to be P200 billion. So, that is a bonus if that happens and that will be recurring; fiscal incentives harmonization - P5 billion; repeal of special laws - P10 billion; franchise tax on TELCO - P7 billion; VAT increase to 12 percent - P8 billion; excise tax on petroleum - P28 billion. These are the estimates of the Committee on Ways and Means, Mr. Speaker.

REP. ESCUDERO. Base po sa sarili ninyong figures na ibinigay, ang total po niyan ay P76 billion plus iyong sa ngayon po ay P7 billion?

REP. LAPUS. Opo.

REP. ESCUDERO. Mr. Speaker, I would like to emphasize a point. Sinabi po ninyo, kung makokolekta lamang iyong tamang buwis at kung ito nga ang magiging produkto ng lateral attrition, ang ating makokolektang dagdag ay P200 billion. And if I am not mistaken, the Gentleman just said that a few seconds ago. Puwede ko po bang matanong kung bakit po natin inuuna ang pagpataw ng panibagong buwis imbes na unahin po natin iyong tamang pagpapatupad ng kasalukuyang mga buwis? Mani lamang po sana iyong tina-target nating P83 billion, compared sa P200 billion target sa lateral attrition. Why did we not first try out this particular measure and sought its implementation, because had it worked, baka hindi na po natin kailangan pang buwisang ang ating mga kababayan?

REP. LAPUS. Mr. Speaker, the lateral attrition is an administrative measure which is not going to produce P200 billion. Realistically, there will be improvements in this, but this will happen over a period of time because the lateral attrition calls for goal setting and monitoring systems since it is a permanent management bill. Time is of the essence. Tayo po ay minamatyagan ng mga nagpautang at saka nagbibigay sa atin ng rating. They would like to see na sa umpisa pa lamang ng Fiscal Year 2005 ay mayroong papasok na salapi. At ito pong ating bill ngayon, as I said, ay catch-up measure lamang po dahil ito ay naglalayong ihabol sa inflation rate mula noong 2001 hanggang 2004 dahil ito po ay nakaligtaang i-index sa inflation.

REP. ESCUDERO. Mr. Speaker, that is precisely the point that this Representation and the entire minority are trying to point out. The root of our fiscal problems may be traced to: 1) corruption; and 2) mismanagement. If the basic structure is corrupt and mismanaged, even if a new tax is imposed but still be subjected to the same corrupt and mismanaged system, it will amount to the same thing. Sabi ninyo ngayon po naghahabol tayo. Alalahanin po natin, magkakasama tayo noong nakaraang Kongreso. Tatlong taon na pong nakaupo iyong kasalukuyang administrasyon. Bakit hindi iyan ginawa noong isang taon o two years ago, para mas may maraming panahon tayong makapag-debate at mapag-aralan ito, kesa mamadaliin tayo ngayon at tataktutin tayo? Huli na ang lahat. Pag hindi tayo

gumalaw, may downgrade tayo, P20 hanggang P30 bilyon agad iyan kada basis point. May I know the logic or the reason of the administration behind this kind of a strategy insofar as revenue generation is concerned? Hindi ko po kasi maintindihan eh.

REP. LAPUS. Mr. Speaker, the administration is undertaking all these administrative measures and tax policy at the same time. Tayo po ay nasa tax policy at nagpapakita naman po ng gilang ang BIR at ang Customs. May mga bago po silang mga administrative measures to increase collection. Pero ang atin pong obligasyon bilang Mambabatas is to correct the portion on tax policy. Sila po iyong tax administration, iyong pagma-manage. We are holding them responsible, just as we are responsible for improving the tax policy aspect of the deterioration on tax collection

REP. ESCUDERO. But, Mr. Speaker, will the Gentleman agree with me that this should have been done a long time ago? That had the government started efficiency moves in collecting higher taxes three years ago, we would not be facing the current crisis?

REP. LAPUS. We can say that in the same way that taxes would have been higher as well had the 1997 Comprehensive Tax Reform Program to lower the corporate income tax that provided exemptions on fiscal incentives and VAT not been implemented.

REP. ESCUDERO. Mr. Speaker, allow me to rephrase the question. We could not have faced a fiscal crisis overnight. This was looming for the longest time. Now, my basic question is: Why did the government not act before this came about or why did it drag its feet before it finally acted? Were they waiting for the elections to be over before proposing all of these measures? To my mind, Mr. Speaker, any new tax measure could have been proposed from 2001 up to 2004. But as I said, the Gentleman and I were both in this Congress from 2001 up to 2004, and no new revenue measure was ever pushed by the administration in the same fashion as it is pushing these measures this time. Hindi po ba mas maganda sana kung ginawa na iyan noon?

REP. LAPUS. I agree, Mr. Speaker.

REP. ESCUDERO. Second, Mr. Speaker, again, insofar as these new measures are concerned, nabanggit po kanina na ang mga naninigarilyo ay nasa C, D at E class. Tama po ba iyon?

REP. LAPUS. That is correct, because that is the bulk of our population.

REP. ESCUDERO. Anong porsiyento po ng mga naninigarilyo ang nasa C, D at E? Would the figure 80 percent be reasonable?

REP. LAPUS. It is still being computed, Mr. Speaker.

REP. ESCUDERO. Based on the data I have, Mr. Speaker, roughly 35 to 40 percent belong to class D and about 20 percent belong to class E, and the remainder spread thinly to classes C and B, and a very small percentage of about 3.0 to 5.0 percent belong to class A? Would that be a fair estimate of the figures? I have the figure here.

REP. LAPUS. I would think so, Mr. Speaker.

REP. ESCUDERO. For the record, Mr. Speaker, out of 23.8 adult smokers, one percent belong to classes A and B, 6.0 percent belong to the class C, 66 percent belong to class D and 27 percent belong to class E.

Now, Mr. Speaker, given the fact that we are taxing cigarettes, would it be fair for me to say that this proposed tax is designed to burden the poor, given the fact that 87 percent of smokers belong to classes D and E?

REP. LAPUS. Mr. Speaker, obviously the brand of cigarettes that the D and E smokers are smoking are the lower-priced cigarettes, and our proposal is to slap an across-the-board increase. Therefore, in terms of pesos this is not a regressive tax. The higher tax classification is going to have a bigger tax.

REP. ESCUDERO. Mr. Speaker, that is not the point I am trying to raise. Alam ko po iyon. Iyong mas mahal na sigarilyo, dahil porsiyento ang itinataas ninyong buwis, mas mahal din ang dagdag. Ang sinasabi ko po, sa dinami-rami ng puwede ninyong buwisan, pinili ninyong buwisan ang sigarilyo. Huwag po nating pag-usapan muna ang health implications. At alam naman po ninyo na 87 percent ng mga bumibili ng sigarilyo ay nasa classes D at E. Isang porsiyento lang ho iyong nasa classes A and B. Is it therefore fair to state that this particular tax proposal is designed to tax the poor and not the rich because those who are smoking cigarettes largely belong to classes D and E? Ang kumukunsumo ng tina-tax ninyong produkto ay ang mga mahihirap, ang D and E nga po. Isang porsiyento lamang ang A and B. Hindi naman siguro pagmamalabis para sabihin ko na ang tatamaan sa proposed measure na ito ay iyong mga mahihirap dahil maraming mahihirap ang gumagamit ng produktong ito. Tama po ba iyon?

REP. LAPUS. Ganoon din po ang nangyayari sa mga ibang indirect taxes dahil iyan ang critical mass ng ating population.

REP. ESCUDERO. Just to highlight the point, ang nakabibili lang ho ng kotse

ay ang mayaman. Bakit hindi ninyo piniling unang buwisan iyon dahil hindi naman nakabibili ang mahirap niyon, e? Pagdating sa sigarilyo, sabi nga po ng datos, mas maraming gumagamit niyan, ang mahihirap. Tama po ba iyong sinasabi ko nga na itong panukalang batas ninyo, ang tatamaan nito ay mahihirap dahil mas maraming mahihirap na naninigarilyo?

REP. LAPUS. Lahat po ay tatamaan. And in that proportion that the Gentleman said on consumption, ganoon po talaga ang tatamaan. But not in the same magnitude and peso equivalent as the higher price.

Mr. Speaker, my distinguished colleague from the minority, the honorable Minority Leader mentioned automobiles. May I just say that a tax law on automobiles was just passed in the Twelfth Congress and a VAT on professionals and documentary stamp tax.

REP. ESCUDERO. Tama po iyon, Mr. Speaker. Ang sinasabi ko po, kung may bubuwisan tayo, sana targetin naman natin iyong mga produkto na ang karamihang gumagamit ay iyong mayayaman dahil mas may kapasidad po silang magbayad.

Kung pinatawan na natin ng buwis ang auto, puwes, dahil kailangan pa natin ng pera, patawan pa natin uli ng buwis ang auto. O maghanap naman po tayo ng ibang produkto, base sa datos ng Department of Finance, na ang karamihan po sana ng gumagamit ay iyong mas may kaya hindi yong mga mahihirap.

And having said that, Mr. Speaker, can I get a categorical answer? Tama po ba na ang tatamaan ng buwis na ito ay mas marami, mga mahihirap, na nasa D at E, simply because more poor people use this product than the rich people? We are not even talking about the rates. Itong increase lang. Can I get that admission from the good Chairman?

REP. LAPUS. Tatamaan po iyong mga naninigarilyo, kaya iyong mas maraming naninigarilyo ...

REP. ESCUDERO. Hindi ko po iiwanan ang puntong ito, Mr. Speaker, dahil nga ayon sa datos, karamihan ng naninigarilyo ay nasa classes D at E. At dahil po sa datos na iyan, at alam ko, alam po iyan ng DOF, alam din po nila na kapag sila ay nagpanukala ng increase ng tax sa sigarilyo, ang tatamaan ay ang nasa D at E.

REP. LAPUS. Tama po ang Minority Leader sa kanyang pananaw na mas maraming naninigarilyong mahihirap ang maaapektuhan. Alam po ninyo, mayroong resistance level ang buying capacity ng classes D and E. Historically, noong 1997 at saka 2000, the manufacturers absorbed the tax. In other words, they did not increase the price.

So, mayroon pong limit ang pinsala o itatama sa lower income bracket, because at a certain point, if the manufacturer wants to continue catering at the same volume, that manufacturer could decide to absorb the increase in tax and take it as a loss.

REP. ESCUDERO. Kung nalalaman n'yo na po na ang tatamaan niyan ay ang classes D and E at sabi n'yo nga po, may option naman ang manufacturer na i-absorb iyon, may I know if there is any provision in this bill that would seek to protect the consumers belonging to classes D and E from this particular increase in tax? Or is the committee just leaving it solely to the manufacturer to decide whether he will pass it on or absorb it? Mayroon po ba kayong inilagay sa bill na ito na hindi puwedeng ipasa sa consumer dahil nalalaman namin na karamihan ng mga consumers ay nasa classes D at E?

REP. LAPUS. If we talk of a tax burden, Mr. Speaker, 20 percent of a lower price, as I said, will be lower than 20 percent of a high price.

REP. ESCUDERO. Mr. Speaker, again, the Gentleman is trying to digress and change the issue by shifting the argument to a question of ratio in comparison to the prices of cigarettes. Maiintindihan na po namin na pag mas mahal iyong sigarilyo, mas mahal iyong idinagdag sa buwis at kapag mas mura iyong sigarilyo, mas mura iyong idinagdag sa buwis. Ang sinasabi ko po, alam naman ninyo na napakalaking kakulangan sa parte ng DOF at ng kumite na di ikonsidera iyong 87 percent ng consumers ng sigarilyo ay nasa classes D at E. Alam po nating lahat na ganoon ang estado. Mas mura ang binabayaran nila kaysa sa babayarang karagdagang buwis ng mayayaman subalit ang sinasabi ko po, mas maraming tatamaang mahihirap kaysa sa mayayaman kahit na ikumpara natin ang makukuhang revenue mula sa 1.0 percent na mayaman at sa 87 percent na nasa classes D and E. That is the point I am trying to raise, Mr. Speaker. And I think the Gentleman would be reasonable enough to admit this very obvious fact.

REP. LAPUS. But it is obvious that the consumers under classes C, D and E would be the ones affected.

REP. ESCUDERO. So tama po yon, sila po ang tatamaan. Ngayon, nalathala po sa pahayagan na nagmiting ang mga presidente ng malalaking kumpanya na tatamaan po ng buwis na ito—Fortune, Philip, La Suerte—at dumalo po rito ang Pangulo. Totoo po ba ito, Mr. Speaker?

REP. LAPUS. Ang miting po ay tinawag ng Pangulo.

REP. ESCUDERO. Sa miting po na ipinatawag nya sa hanay ng mga industry

players, pinakingsan po ng Pangulo ang mga manufacturers. Pwede ko po bang matanong kung sino ang kinatawan ni Juan de la Cruz sa miting na iyan? Sino po ang kinatawan noong 87 percent Pilipino na naninigarilyo na nahahanay sa classes D and E? Because the President bent over backwards, took the time out and met with the manufacturers. May I know if the President, in similar fashion, took the time out and met with these 87 percent of her constituents. Mga Pilipino po iyan belonging to classes D and E. Nagkaroon po ba ng ganyang klaseng pagtitipon tungkol po sa bagay na ito? Not counted ho iyong mga pulong bayan dahil hindi naman pinag-uusapan ito roon. Tungkol sa topic na ito, was a similar meeting called by the President? Did she go out of her way similarly insofar as the manufacturers are concerned to hear their side? Mayroon po ba kayong alam na naganap na ganoong miting?

REP. LAPUS. Wala po akong alam na naganap kahit kailan na ganoong klaseng miting dahil ang interest o responsibilidad ng Pangulo ay ang mga Pilipino. And raising these revenue measures, we can assume that this will redound to basic services, budget support and this is for the Filipino people. Siya po ay nagtawag ng miting para pakinggan iyong mga players at para maipaliwanag sa kanila na kung maaari iyong kanilang gustong napakababang rate na 9.0 to 12 percent tax rate ay taasan sa 20 percent dahil P7 billion ang commitment sa tax na ito.

I am sure our distinguished Minority Leader will appreciate that on a polarized situation like a collective bargaining agreement or disputes parang mediation ang nangyari rito.

REP. ESCUDERO. Ang target revenue po ng gobyerno ay P14 billion. Is the Gentleman now saying that because we have now reduced the target to P7 billion and have gotten the assent of the manufacturers we should congratulate the President for her excellent negotiating and mediation skills?

REP. LAPUS. Hindi po P14 billion, Mr. Speaker.

REP. ESCUDERO. Iyon po iyong original na sinabi ninyo kanina as of August 29, 2004.

REP. LAPUS. Nandito po ang DOF. Iyong target po ay nag-evolve. Naging P9.36 billion tapos ay naging P7.736 billion.

REP. ESCUDERO. Kaya nga po.

REP. LAPUS. We have to do what is attainable and doable, Mr. Speaker. I admit that iyong mga unang bulusok ng mga numero ay nanggaling sa mga pseudoeconomists who were trying to be precise but were not even accurate, so we have to grant that elbowroom of estimate.

REP. ESCUDERO. Mr. Speaker, is the Gentleman calling the President's economic advisers pseudoeconomists because they were the ones who advised her when she made public these figures? And is the Gentleman telling us that when the President came out with these figures, hindi pala siya sigurado, hindi siya handa, nanghuhula lang siya o baka nambobola noong sinabi po niya iyon dahil pabago-bago, eh?

REP. LAPUS. I am sure given the information available at that time, which was rough, those were the best estimates then. But this is it, Mr. Speaker. Economists or those detached from industry extrapolate on their desks and think it can be attained. We are now looking at attainable committed numbers, given the idiosyncrasy of particular industries.

REP. ESCUDERO. Bakit po hindi nila ito kinonsidera bago po sana sila nagsalita? Bakit po tila pabago-bago iyong figures? Marahil hindi na ho kami magugulat kung bakit ganito ang estado natin ngayon. Baka kulang po iyong pagkakaintindi, pag-intindi o baka dahil palaging mali iyong mga assumptions ng ating mga finance officials.

REP. LAPUS. Tama po kayo, learning curve po ang...

REP. ESCUDERO. Gaano katagal po ba ang learning curve na ito? Tatlong taon na pong nakaupo iyong kasalukuyang administrasyon. Sa palagay ninyo gaano katagal pa po ba ang ibibigay natin para matuto ang administrasyon? The patience of the Filipino people is fast waning. Puwede po bang malaman sa Ginoo kung gaano katagal pa po ba tayo magpapasensiya sa mga ganitong klaseng pagkakamali bago po natin maitama ito. What is the own expert opinion of the Gentleman?

REP. LAPUS. Mr. Speaker, we in the House try to do our job, kung ano ang humble expertise po natin. Ito nga po na-raise natin iyong practicality and this is the check and balance. We questioned in hearings the numbers and then the numbers were refined. So we can say po na accomplishment ng ating mga Miyembro sa Committee on Ways and Means itong pagtulong sa pag-refine nitong mga numbers na ito.

REP. ESCUDERO. Mr. Speaker, tinanong ko po kanina kung sino ang kinatawan ni Juan de la Cruz sa pagpupulong sa pagitan ng mga manufacturers at ni Pangulong Arroyo at ang sabi po ng chairman ay wala.

REP. LAPUS. Ang Presidente po ang kumatawan kay Juan de la Cruz.

REP. ESCUDERO. Ang Presidente po ang kinatawan ni Juan de la Cruz.

REP. LAPUS. Opo.

REP. ESCUDERO. Dahil ayon sa inyo, siya ang ibinoto ng mayoriya ng ating mga kababayan. Tama po ba iyon?

REP. LAPUS. Ganoon po ang sabi ng Comelec.

REP. ESCUDERO. Tama po kayo. Puwede ko po ba kayong matanong? Noong nangampanya po si Presidente Arroyo sinabi po ba niya na kapag siya ang nanalo tataasan niya ang buwis na siyang magbibigay po ng karapatan sa kanyang pagiging kinatawan ni Juan de la Cruz sa nasabing pagpupulong? To the best of the Gentleman's recollection, may sinabi po bang ganyan ang Pangulo noong siya ay nangangampanya?

REP. LAPUS. Hindi ko po narinig ang lahat ng campaign speeches niya, pero kung tayo po ay tatakbo ring Pangulo, siguro iyong makapagpapaboto sa atin ang ating talumpati.

REP. ESCUDERO. Tama po iyon. Pero kapag kayo po ay tumatakbo, tumatakbo po kayo base sa isang plataporma. At kapag kayo ay nanalo, puwede ninyong ipursige ang platapormang iyan at sabihing: "Dala ko ang pangalan ng lahat ng constituents ko sa pagdadala ng platapormang ito."

Subalit sa kasong ito, hindi po iyan kasama sa agenda, sa plataporma, sa mission o vision ng Pangulo noong siya ay nangampanya at ibinoto noong mga bumoto sa kaniya. Paano po niya ngayon masasabi na kinatawan siya ni Juan de la Cruz patungkol sa bagay na ito samantalang hindi man lamang niya sinabi iyan noong siya ay nangangampanya?

REP. LAPUS. Alam na po ng mga mamamayan siguro dahil napag-uusapan naman po ito. Hindi naman po sikreto kasi itong fiscal deficit dahil nag-umpisa po ito since 1998.

REP. ESCUDERO. Maganda po at nabanggit ninyo iyan. Dadagdagan ko pa po ng konti iyong litanya ko.

Noong nangampanya si Pangulong Arroyo, inilarawan niya ang isang napakagandang Pilipinas—napakalinis na gobyerno at napakatatag na ekonomiya. Lumampas pa ho tayo ng konti. Noong nag-deliver po siya ng kanyang 2004 State-of-the-Nation Address (SONA), isang matatag na Republika, malakas na ekonomiya, malinis na gobyerno, magandang peace and order record ang kanyang inihayag. Wala pong nabanggit na fiscal crisis. Two months after the SONA, doon lamang po niya sinabing may fiscal crisis. Ang sinasabi po ba ninyo, kung ito ay nagsimula noong 1998 ay itinatago po ito sa atin mula't mula at inamin lamang ngayon? Dahil kayo nga po alam ninyo e at walang dahilan marahil para hindi malaman ng administrasyon

mismo o ng mga opisyal ng administrasyon na malaki po iyong ating problema.

REP. LAPUS. Iyong mga numero na tinitingnan natin ngayon—sa pagkakautang, sa deficit—ay public figures na nilalathala po sa pahayagan. At dito po sa Congress especially, every year we take this up in the budget. So, these deficits have been glaring also.

REP. ESCUDERO. So, maski na sino ay walang karapatang magsabi na maganda ang lagay ng ating bansa kahit noong panahon ng kampanya o kahit noong 2001 hanggang 2003. Mali ang basehan ng maski na sino na nagsasabing maganda ang lagay ng Pilipinas.

REP. LAPUS. Doon po sa puntong iyon, tama po kayo, Mr. Speaker.

REP. ESCUDERO. Thank you, Mr. Speaker.

Proceeding to another point, noong Disyembre binabaan po ng Pangulo ang presyo ng kuryente at ang itinuturong isang pinakamalaking dahilan kung bakit hinaharap natin iyong problema ngayon ay dahil sa utang ng National Power Corporation (Napocor). Tama po ba iyon?

REP. LAPUS. Opo.

REP. ESCUDERO. Kung tataasan po natin ang presyo ng kuryente, kailangan pa po ba nating magpasa ng panibagong revenue measure? O hindi po ba kung ang utang ay galing sa kuryente, hindi ba dapat ang pambayad ay kunin din sa kuryente?

REP. LAPUS. Iyon pong pagtaas ng kuryente ay para po pambayad ng Napocor debts. Hindi pa nga sapat iyon, kaya separate po ang ating tax measures para sa budget deficit because hindi po kasama sa NG deficit iyong mga monitored government-owned and controlled corporations (GOCCs).

REP. ESCUDERO. So, the Gentleman thinks na kung wala iyong Napocor debt kailangan pa rin nating magpasa ng panibagong buwis. Iyon po ba ang sinasabi ng Ginoo?

REP. LAPUS. Opo, dahil sa expenditure budget pa lamang nagkaka-deficit na tayo ng P190 billion.

REP. ESCUDERO. Marami po ang nagsasabi—at ito ay ugung-ugong dito po sa Kongreso—na kapag tinaasan ang presyo ng kuryente, ang masisisi o ang ituturo ay ang Pangulo at hindi ang Kongreso. Kapag tinaasan ang buwis, ang sisihin ay ang Kongreso. Sang-ayon po ba ang Ginoo sa ganoong klaseng pananalita?

REP. LAPUS. Hindi po, dahil ang paggawa ng batas ay, unang-una, bicameral; pangalawa, kailangang lagdaan po ng Pangulo. Without the President's signature, wala po tayong batas.

REP. ESCUDERO. So, ang sinasabi po ng Ginoo, kung sisihin tayo sa pagtaas ng buwis, dapat sisihin din ang Presidente dahil kailangan ho iyong pirma niya eh.

REP. LAPUS. Because she vetoed the lateral attrition bill.

REP. ESCUDERO. Kaya nga ang sinasabi ko po sa mga nagsasabi na Kongreso lang ang may kasalanan sa pagtaas ng buwis, mali iyon.

REP. LAPUS. Mali po.

REP. ESCUDERO. Dapat ang Kongreso at ang Presidente.

REP. LAPUS. At saka ang pagbubuwis po, hindi kasalanan iyan dahil ang buong mundo ay nagbubuwis po. The duty of the government is to impose taxes.

REP. ESCUDERO. Totoo nga po. Ang sinasabi ko nga po sa mga sumisisi sa atin lang, ang dapat po nating sabihin ay hindi lang dapat tayo ang sisihin. Damay ang Presidente riyang dahil kailangan ang pirma niya riyang at puwede niyang i-veto kung ayaw niya. Tama po ba iyon?

REP. LAPUS. Opo, pero opinion po nila siguro iyon.

REP. ESCUDERO. Proceeding now to one of my last few points, we are taxing the local manufacturers. Ginagawa na ba ng gobyerno ang lahat para pigilan ang smuggling bago pa natin buwisan ang ating mga local manufacturers? And, Mr. Speaker, anent to that, will the Gentleman agree with this Representation?

REP. LAPUS. Meron pong mga specific measures. Meron pong battle plan against smugglers at ito po ay isusumite ng Bureau of Customs sa atin. Binigyan po natin ang committee ng deadline at may order of battle kung sino iyong mga...

REP. ESCUDERO. Iyan po ba ang listahan ng mga smugglers, iyang order of battle ninyong tinatawag?

REP. LAPUS. Yes, Mr. Speaker, and if the distinguished Minority Leader would allow me to continue, both the battle plan and the order of battle will take into consideration Executive Order 363. Magkakaroon po ng special safeguards, duties sa ceramic tiles and other agricultural products like chicken, sugar, rice, vegetable,

alcohol, motor vehicles and drugs. Iyon pong mga customs bonded warehouse (CBW) ay special area of concern na ginagawa nila ngayon. In other words, gising na po ang administrasyon dito sa pangangailangan na sugpuin ang smuggling.

REP. ESCUDERO. Iyong pagkakagising po ba nila ay nagsimula lamang ngayong taong ito? Sabi po ninyo gising na eh. Eh di noong mga nakaraang panahon po ba ay natutulog pa?

REP. LAPUS. In other words, this is not the first time we are mentioning it. They are taking steps already. Sa free port ay tightening...

REP. ESCUDERO. But, Mr. Speaker, the things that the Gentleman mentioned are occurring only in the recent few months. Ito po ay hindi ginagawa noon. Tama po ba? Ang sabi nga po ng Ginoo, gising na ang administrasyon tungkol sa smuggling. I am merely proceeding via the logical premise of his statement. So, noon po tulog?

REP. LAPUS. Nagkaroon nga po ng Anti-Smuggling Task Force na pinangunahan ng then Secretary of National Defense Angelo Reyes.

Marami po ang nagsasabing nabawasan ng konti ang smuggling.

REP. ESCUDERO. Opo, pero itong anti-smuggling task force na sinasabi ng Ginoo ay hindi po ba binuwag na?

REP. LAPUS. That is correct, Mr. Speaker, and this has been given to the line agencies that should, in the first place, be responsible for this function.

REP. ESCUDERO. Mr. Speaker, let me backtrack a bit again. The Gentleman said that the administration is already "wide awake" in its fight against smuggling. Noong sinabi ko po na "eh di tulog," ang sabi naman ay may binuo namang task force noon. Ang problema nga ho, binuwag naman ngayon. So, are we moving forward or backward insofar as the battle against smuggling is concerned?

But having said that, Mr. Speaker, may I know when can we get or see the supposed order of battle or the list of smugglers because we have been reading about this in the newspapers and we have been receiving conflicting reports that there is no such list?

Meron po ba talaga o wala?

REP. LAPUS. Meron daw ho at next week ay bibigyan tayo ng kopya.

May I also say that the Committee on Ways and Means has required two other work from the Bureau of Customs. The Honorable Mitra has required submission of an action plan and timetable for the acquisition of x-ray machines for the containers, and this Representation has required an action plan and timetable for the setting up

of a reference value system so that this massive undervaluation of import invoices can be checked.

REP. ESCUDERO. Mr. Speaker, as one of the ways to identify a smuggled good, at least insofar as cigarettes and liquors are concerned, would it be proper to propose na iyong warning label po katulad ng ginagawa ng ibang bansa ay sa wikang Pilipino po para ma-identify agad na mga produktong gawa sa Pilipinas ang mga ito at hindi sa ibang bansa? At kung may mag-i-smuggle man po ng produkto mula sa ibang bansa patungo rito, madagdagan man lang iyong ginagastos nila sa pamamagitan ng paggawa ng label na aangkop lang para sa ating bansa sa wikang Pilipino.

Would that be a plausible proposal to curb or at least minimize smuggling by enabling our law enforcement officers to easily identify an imported item from a locally manufactured item or, at the very least, increase the cost for these smugglers?

REP. LAPUS. Puwede po sigurong pag-aralan ang idea na iyan, Mr. Speaker.

REP. ESCUDERO. Mr. Speaker, given that smuggling is an integral component of the taxing power of the State—because where can we get the moral authority to impose taxes or higher taxes on local manufacturers when we cannot even protect them from smugglers—would the Gentleman be open to inserting such a provision in the proposed piece of legislation so that somehow we can provide a semblance of protection to our local manufacturers against the onslaught of imported liquor and cigarettes?

REP. LAPUS. Yes, Mr. Speaker.

REP. ESCUDERO. Thank you, Mr. Speaker. With that, I would like to terminate my interpellation with respect to this particular measure and I would like to thank the Gentleman from Tarlac, the Chairman of the Committee on Ways and Means.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we recognize Representative Mandanas.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Mandanas is recognized.

REP. MANDANAS. Thank you very much, Mr. Speaker.

Mr. Speaker, I would like to ask if the honorable Representative from Tarlac will yield to some questions.

REP. LAPUS. Yes, Mr. Speaker, it is my honor.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Gentleman may proceed.

REP. MANDANAS. Thank you very much.

Mr. Speaker, before I ask the questions, I would like to manifest that I was listed as one of the cosponsors of Committee Report No. 60 of the Committee on Ways and Means. I think there has been a typographical mistake because I am not one of the sponsors, Mr. Speaker. My name should not be included because I was not even able to attend any of the meetings. This is just for the record, Mr. Speaker.

Mr. Speaker, I just got a copy of the bill. There is a proposal for an increase of 20 percent. I would like to say that I am in favor of increasing the revenue and I am really eager to have a law as soon as possible, considering the financial crisis that our country is in right now. However, I was just wondering how much is the expected increase in revenue just for cigarettes alone, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The honorable Sponsor may answer.

REP. MANDANAS. I think there is an across-the-board increase of 20 percent from the present rates, Mr. Speaker.

REP. LAPUS. It is P4.4 billion, Mr. Speaker.

REP. MANDANAS. May I ask if these rates are applied to the present volume of sales of cigarettes, Mr. Speaker.

REP. LAPUS. Mr. Speaker, these are applied to 2004 excise tax collection projection which is ...

REP. MANDANAS. With the increase in prices, Mr. Speaker, would my esteemed colleague agree that we can expect a reduction in the volume of sales, following the usual law of supply and demand?

REP. LAPUS. This is the reason the players were asked and consulted, Mr. Speaker. They will be in the best position to judge whether this normal expectation would happen. The projected increase in tax is actually based on a static demand, which we may say is on the conservative side. If the volume of 2004 remains because of the rate increase, the increase in tax would occur.

REP. MANDANAS. Mr. Speaker, it seems that even if prices will be increased, the basic assumption in generating an additional P4 billion for the government

would be based in a static volume. May I ask if the Ways and Means Committee reviewed the historical record that shows that every time we increase prices, not only in cigarettes but in almost all the products, reduction in volume really occurs? And if this happens, Mr. Speaker, our desire to increase the revenue of our country from the measure would not materialize.

REP. LAPUS. Mr. Speaker, yes, we have seen the historical data. This is the reason an arbitrary amount which the industry players would consider harmful, adversely affecting their volumes, cannot be legislated. It is the reason they have resisted the 30 percent and they are giving assurances that at this level, P7 billion for both alcohol and cigarette is assured. So, we have to respect that they would know the impact to their volumes.

Mr. Speaker, historically also, there is a rebound and some of the players opt not to increase prices at this level, cognizant of the absorptive capacity of the market.

REP. MANDANAS. Mr. Speaker, probably it should also be noted that in the past—I wonder if the sponsors have seen the records—whenever there was an increase in price of high-end cigarettes, it really resulted in decrease in sales volume in bigger percentage while any increase in the price of cheap cigarettes only resulted in a small reduction in the sales volume because there was a migration of smokers from the high-priced to the low-priced cigarettes and, therefore, the total revenue really went down. Before, the percentage was high or evenly distributed. But with the increases in the prices like what happened before when it was also this way, the sales volume of the higher-priced cigarettes went down drastically while the lower-priced cigarettes, where the tax up to now is very low, only resulted in a small reduction in sales volume. Therefore, on the overall, from 1997, if the Ways and Means Committee examined it, the BIR collection on cigarettes went down and the revenue of the country really went down and we were not able to get the targeted amounts because of the very low increase in the price of the lowest tier. And even right now, Mr. Speaker, if we use 20 percent across-the-board increase for all the tiers, we can again experience that and I am sure the Ways and Means Committee would agree. Therefore, I think we should review again if we would be able to generate the P4 billion based from experience and based on the play of increase in price and volume reaction, Mr. Speaker.

REP. LAPUS. Mr. Speaker, my honorable colleague from Batangas is indeed raising some valid concerns. But may I read the actual collections and growth rate of cigarettes;

In 1996, it was P15 billion; 1997 – P16 billion; 1998 – P16.7 billion; 1999 – P16.5 billion; 2000 – P17.4 billion; 2001 – P19.4 billion; 2002 – P19.8 billion. So, there is growth throughout those years even if there were some periods of decline in removals, in packs. The increase in collection happened every year since 1997.

REP. MANDANAS. Mr. Speaker, if I may ask the Chairman of the Ways and Means Committee, I think what he quoted were the absolute amounts. If we would consider the tax per pack because of this tier system, in 1996, the volume was about 15 billion packs while it was almost 20 billion packs in 2003. So really, on a per pack basis, the government revenue really went down, Mr. Speaker. Of course, in the absolute amount of tax, it would appear to have increased. However, on a per pack basis, it really had decreased and, worst, Mr. Speaker, those people, as was pointed out earlier by the Minority Leader, our low-income countrymen who can ill-afford to pay for medicine when they are sick—which the government has to really pay for—are the ones that increased in volume because they are the ones who are smoking the low-priced cigarettes.

In other words, there might have been an increase. I wonder if the Ways and Means Committee noticed that the increase was only on the absolute amount. But on a per pack basis, there has been a big reduction, and although this is supposed to be a specific tax, not ad valorem, it really went down, Mr. Speaker. And I am afraid, that it will happen again.

Mr. Speaker, I made a sensitivity analysis which I will turn over to the Ways and Means Committee wherein the volume will go down because of this increase in price, although there will be a shift in the low-priced cigarettes that the government will be collecting even in absolute amounts, not only less than the target but probably even less than what we are collecting right now.

So, I was just wondering if these were all considered, whether sensitivity studies were also made by the Committee on Ways and Means and the players on the play of volume and prices during committee hearings.

REP. LAPUS. Mr. Speaker, yes, the position papers of the players included sensitivity analysis, pointing out the facts that our distinguished, true and real economist is raising. May I just mention for the correction of the records, Mr. Speaker. My honorable colleague mentioned 15 billion packs. Mr. Speaker, this is in pesos, because the removals, the packs are 3.3 in 1997 going up to 4.3 billion packs. So, the 15 billion which the Gentleman mentioned is in pesos, Mr. Speaker.

REP. MANDANAS. So, I could pass on the documents, Mr. Speaker, to the Ways and Means Committee. I am really very concerned also of the migration of smokers from high- or middle-priced cigarettes, and they are really going down to lower priced ones, as was pointed out earlier. Also, I wonder if the Ways and Means Committee received from the National Lung Center information about the number of smokers and the cost on smoking-related cases. The same thing also, if it got a certification or opinion from our own DOH on how many billions of pesos were lost—losses due to smoking and its health and productivity costs.

REP. LAPUS. Yes, we did, Mr. Speaker. We mentioned the total cost a while

ago, coming from the DOH, and their representatives were present in all the hearings. And it really shows the big amount that our government is and will be spending for our low-income smokers. It also shows our inability to address the problem, the effect on our low-income smokers, if we will not be drastic in increasing the tax of low-priced cigarettes.

REP. LAPUS. Yes, we share the Gentleman's concern on that subject matter.

REP. MANDANAS. This will probably be my last point, Mr. Speaker. Has the Ways and Means Committee also evaluated the data, the information, the decision of the lower court regarding the award of P1 billion to Fortune Tobacco with regard to this cigarette tax, the opinions and the circulars regarding the number and variety of brands, the time they were introduced into the market, the computation of the net retail price, and all of these things which the proposed bill still contains? And did the committee evaluate whether it would be better just to do away with the computation of putting in so many moving parts, like the prices of the brand, when they were introduced into the market, the changes in prices and the variance of the brands? These factors make our BIR collectors open to a lot of negotiations and probably even discretions that under the present system, it sometimes would probably take a masters' degree to compute the right taxes. That is the reason right now we have a case which was not too good for our government because we are being asked to pay back P1 billion to a cigarette manufacturer, Mr. Speaker.

REP. LAPUS. Mr. Speaker, our proposed bill, in consultation with the BIR, plugs that loophole which was caused by the ambiguity in the existing law. The bill provides that the taxes to be collected here shall not be lower than the immediately preceding tax or that of December 1999 level which was, because of the peculiarity of the existing law, higher than the 2001 data which is the bone of contention of that refund. So, our present proposed bill has that provision that will not make possible any ambiguity that characterized the last existing law.

REP. MANDANAS. Mr. Speaker, I would like to reiterate that it is in the spirit and sincere desire to help our government generate more revenues that I am making and introducing these points to our Ways and Means Committee Chairman. At the same time, I would like to manifest, as I mentioned, that I am not a sponsor of the bill as it is presently presented.

Thank you very much, Mr. Speaker.

REP. LAPUS. Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we recognize the honorable Rep. Butz Aquino.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Aquino is recognized.

REP. AQUINO (A.). Thank you, Mr. Speaker.

Will the Gentleman agree to answer a few questions from this Representation?

REP. LAPUS. Mr. Speaker, with the due indulgence of the Honorable Aquino from Makati City, my cousin, I would like to take a personal break and ask Congressman Suarez, who is a principal author, to respond to the questions if that is all right.

REP. AQUINO (A.). That is fine.

Mr. Speaker, the original proposal of the Department of Finance was 30.1 percent increase. Now, the Department of Finance wants a 20 percent increase. Will we still meet the revenue targets? Because originally, we expected to earn some P14 billion out of this indexation but we seem to be content with just P7 billion. Am I correct, Mr. Speaker?

REP. SUAREZ. The Gentleman is correct, though the 31.5 percent should consider that. On the next succeeding years, there will be additional three percent and by 2006, another additional of three percent, Mr. Speaker. So, it is a total of 26 percent, Mr. Speaker.

REP. AQUINO (A.). Yes. But even with this additional three percent, there is still a shortfall.

REP. SUAREZ. There is indeed still a shortfall, Mr. Speaker, precisely, the reason we are coming up with several other measures to make sure that this target revenue can still be attained.

REP. AQUINO (A.). What I am trying to drive at is, if we were to increase taxes, it was supposed to meet a certain revenue for the government which it badly needs. And increasing the revenue for these "sin products," as we call them, is good in the sense that we hope to discourage tobacco and alcohol consumption. But what is happening right now is that it seems, after the visit of the major players with the President, a compromise has been reached. After hearing the Philip Morris group, and maybe even the American Chamber of Commerce, it seems we are heeding their advice or threats, as the case may be.

REP. SUAREZ. Mr. Speaker, the meeting with the industry leaders was done

after we passed the measure in the committee level. So, the meeting of the President, which I will say is a stroke of brilliancy, is more of a duty of the head of the State to make sure that the industry leaders will heed the appeal of the government to cooperate with this measure that was approved by the House.

REP. AQUINO (A.). Actually, what I am questioning here is the compromise. If we need this measure very badly, maybe we should have stuck to the original proposal. And even with that proposal of 30 percent of the Department of Finance, we are still one of the lowest taxed countries compared to other countries that heavily tax liquor and cigarettes.

REP. SUAREZ. That is nondebatabable and the Gentleman is right. But the purchasing power of the Filipino people cannot be compared with that of our neighboring countries.

REP. AQUINO (A.). So, Mr. Speaker, maybe what I am trying to drive at is something like this. If we want to knock out our opponent, a series of small jobs will not do the job. As a matter of fact, an increase of three percent a year and the like will not give that knockout punch. So, if we really want to raise funds for the country at this time, then we follow the recommendations originally made. Even our own colleague here—I remember Congressman Salceda—estimated that the revenue will be at least in the vicinity of P14 billion. But now, we are content with a possible P7 billion and that is the reason why we may object to this bill. It does not meet the required revenue that we anticipated.

REP. SUAREZ. The Gentleman is right. There were nine measures, I think at least with different venue, and the best vehicle that can improve the collection in this Act is alcohol, cigarette and tobacco. But we do not have the material time for a long debate because no less than the honorable Gentleman from Makati City is aware of our fiscal situation—our maturing obligation next year, and the expectation of the lending community which is looking at us with an eagle eye, finding out if we are coming up with new measures to enhance revenue. The Gentleman is right there, Mr. Speaker. I mean, maybe my measure will be the most logical. I believe that I can stand for eight months of debates here and come up with a rationalization that ad valorem tax is better than specific tax, but we do not have the material time.

REP. AQUINO (A.). I think I will end my interpellation here, Mr. Speaker. It is just that while all of us want to help the government, we want to make sure that whatever measure we pass here will be effective enough to truly help. But if the measures that we are passing here are namby-pamby, in other words, “not enough to deliver the blow,” then we should point that out.

Thank you, Mr. Speaker.

REP. SUAREZ. Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we recognize Rep. Renato Magtubo.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Honorable Magtubo is recognized.

REP. MAGTUBO. Thank you, Mr. Speaker. Good evening, honorable Sponsor.

Mr. Speaker, ako po ay Representative ng Partido ng Manggagawa.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). What is the desire of the Gentleman?

REP. MAGTUBO. I would like to ask questions of the honorable Sponsor with regard to the measure, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). He may answer if he so desires.

REP. SUAREZ. Willingly, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Gentleman will please proceed.

REP. MAGTUBO. Mr. Speaker, I will premise my interpellation on the objective to find out whether the measure has an implication to the viability of the cigarette industry in the midst of the rapid globalization of our economy. Sapagkat ako po ay naniniwala na tayo ay nag-uusap dito tungkol sa isang measure subalit kailangan nating bigyan ng tamang perspective iyong magiging epekto nito sa industriya. Ibig sabihin, ang cigarette industry—the industry side and the agriculture side.

And before going to that, Mr. Speaker, may I have a valuable information kung mayroon po tayo sa Sponsor at sa Department of Finance or other agencies na nandiyan ngayon with regard to industry, halimbawa, Mr. Speaker.

Ilan ho ba talaga ang smokers' population vis-à-vis the whole population ng Pilipinas sa kasalukuyan, kung mayroon tayo, for the last three years?

REP. SUAREZ. Sandali lang po, kasi hindi rin po ako naninigarilyo kaya wala akong kaalam-alam sa bagay na iyan.

REP. MAGTUBO. Smokers' population po.

REP. SUAREZ.. Ito po ang statistics, Mr. Speaker.

Iyon hong number of smokers: adults - 34 percent ay 12,106,000; age 60 and above is 913,000; sa adolescent po ay 21 percent. For the year 2000 population, it is 3,563,000 which is alarmingly high. I agree with the Gentleman, Mr. Speaker.

REP. MAGTUBO. Iyong figures po, vis-à-vis the population, ilang milyon ang naninigarilyo sa buong Pilipinas for the year 2003, kung mayroon tayo—the present figure.

REP. SUAREZ. Wala po kaming data but we can just extrapolate on this, Mr. Speaker. If we have a smoker population of almost 15,000,000 in year 2000, it is about maybe, 75 billion. That represents about 35 percent, Mr. Speaker.

REP. MAGTUBO. All right, so the number is quite big and it is growing by the year. Ilan naman po ang workers sa industriyang ito? Ibig pong sabihin, iyong mga nag-mamamufacture.

REP. SUAREZ. Mr. Speaker, napakalaki po iyan including the downstream industry. We start with the planters who produce the tobacco leaves, then to the transporters, to the dryer, to the manufacturer, to the downstream industry, distributor.

REP. MAGTUBO. Wala pong data?

REP. SUAREZ. Considering the direct number of employees, sa downstream industry theory, Mr. Speaker, we are talking of 1:2, from the direct manufacturer or workers in the downstream industry. Kaya marami hong involved, not just on the cigarette industry but also in the alcohol industry.

REP. MAGTUBO. For the record, Mr. Speaker.

REP. SUAREZ. In the beer industry alone, there are 50,000 manufacturers and about 300,000 sari-sari stores that sell beer, and this translates to over 1.5 million.

REP. MAGTUBO. Sa cigarette industry lang po, kasi gusto natin na ma-figure out itong industriyang ito. Kasi kanina, na-figure out na natin on record na malaking populasyon ng Pilipinas ay naninigarilyo and still growing. That is one.

Second, dapat ma-figure out din natin at put into record kung ilan ang manggagawa sa industriya ng sigarilyo para kung ano mang mga batas na ating isasagawa, dapat mayroon tayong konsiderasyon sa epekto sa industriyang ito.

REP. SUAREZ. Mr. Speaker, there are about 150,000 workers involved in cigarette manufacturing and there are 60,000 direct farmers all over the country.

REP. MAGTUBO. So, 60,000 farmers plus 150,000 workers is 210,000, times five, their families. Is that correct?

REP. SUAREZ. We are talking of the dependents, Mr. Speaker.

REP. MAGTUBO. Yes, dependents, times five.

REP. SUAREZ. Tama ho iyon.

REP. MAGTUBO. So, it is more than half-a-million.

When it comes to revenue generated for the government from cigarette, Mr. Speaker, do we have a data for 2003?

REP. SUAREZ. And alcohol, Mr. Speaker?

REP. MAGTUBO. No, Mr. Speaker. I am interested in the revenues from the cigarette industry for the last three years, if the committee has the data.

REP. SUAREZ. For 2003, Mr. Speaker, it is P19.7 billion for cigarette alone and this does not include other taxes. For 2001, it is P19.4 billion and for 2002 it is P19.9 billion, Mr. Speaker.

REP. MAGTUBO. All right. For 2003, it is P19.7. Is that correct, Mr. Speaker?

REP. SUAREZ. That is correct, Mr. Speaker.

REP. MAGTUBO. So, the present mechanism for taxation sa sigarilyo po ay nag-generate ng P19.7 billion nitong nakaraang taon. Tama po ba?

REP. SUAREZ. For 2003, Mr. Speaker.

REP. MAGTUBO. Insofar as this measure is concerned, ano pong target ng measure na ito for cigarette alone?

REP. SUAREZ. This bill will target to increase at least 20 percent. We are talking about P4.5 billion more to add on to the P19.3 billion. Meaning, we should be collecting about P24 billion, Mr. Speaker.

REP. MAGTUBO. For the next three years?

REP. SUAREZ. No, Mr. Speaker, just for 2005. In 2006, we will put an additional three percent increase and three percent again by 2006.

REP. MAGTUBO. So, it is about a P4 billion increase.

REP. SUAREZ. The target of the Finance Department is, by the end of 2006, we should be collecting almost P10 billion more than what we are collecting now.

REP. MAGTUBO. And the original target was by the Department of Finance proposal?

REP. SUAREZ. They have this ideal target of 30 percent, which is in effect higher than what we are proposing. But as I have said, Mr. Speaker, this is 20-3-3. In effect, we are proposing a 26 percent increase over a period of three years.

REP. MAGTUBO. Mr. Speaker, kayo po ba ay naniniwala na sa industriya ng sigarilyo, lalo na sa pagbebenta, ang tax in whatever form, be it ad valorem or specific tax, ay ipinapataw sa presyo ng sigarilyo? Tama po ba iyon?

REP. SUAREZ. Ang specific tax ho ay ipinapataw sa bawat stick ng sigarilyo samantalang ang ad valorem ay sa presyo ho. Pero sa ngayon ay naroon ho tayo sa specific taxation on every stick.

REP. MAGTUBO. Ano mang form of taxation ang ginagawa ng mga kapitalista ay ipapataw lang iyan sa buong presyo ng kanilang produkto at sa mga consumers. Tama po ba iyon?

REP. SUAREZ. That is the principle of capitalism or free enterprise.

REP. MAGTUBO. All right. Kung ganoon ang proseso ng mga kapitalista na ipapasa lang yong tax, ano mang klase iyan, napagpasyahan na ng Kongreso. Ang ibig pong sabihin niyan ay tataas ang presyo ng sigarilyo for the next three years. Tama po ba iyan, Mr. Speaker?

REP. SUAREZ. Tama ho iyon.

REP. MAGTUBO. All right. Kapag tumaas ang presyo ng sigarilyo, hindi ba kinonsidera ng mga nagpanukala ng batas na ito ang magiging competitiveness ng produktong ito sa mga pumapasok na mga produkto sa atin, given the fact na nagliberalize tayo ng lahat ng commodities and services because of the government's policy of liberalization sa ating local economy? Nakonsidera po ba iyan? Ibig kong sabihin, habang tumataas ang buwis natin, tataas ang presyo ng sigarilyo, iyong

competitive advantage sa price ng ating locally made products ay magiging disadvantageous na. So, ipapasa lang iyan sa presyo sa mga pumapasok naman na mga foreign brands na binababaan natin ang taripa.

REP. SUAREZ. Mr. Speaker, ang alam ko lang hong pumapasok dito na foreign brand ay iyon hong binebenta ng duty-free shops. But the concern of the Gentleman is this: Dito ho sa 20 percent na ating pino-propose na itaas, pag tayo ay nag-a-adjust ng buwis sa mga ganitong produkto gaya ng alak at sigarilyo, hindi po iyong inyong pinangangambahan na babagsak ang produksyon at mawawalan ng trabaho ang mga tao. Historically, the results of tax adjustments will only taper off for a certain number of years—around two to three years—and then it will start to go up again. Kaya wala ho tayong displacement ng manggagawa. Kung ang kinatatakutan ninyo ay pag nagtaas tayo ng buwis ay magbababa ng output ang ating mga factory at magbabawas ng empleyado, iyong 20 percent na ating pino-propose at three percent on the next two years will not encourage smuggling or protect foreign brands from entering the country. We also looked at all these angles, Mr. Speaker, when we deliberated on this measure.

REP. MAGTUBO. Now, what I am trying to push is the government policy on trade liberalization sa usapin ng taripa, hindi ba? Lahat ng mga commodities and services natin, kung hindi ako nagkakamali for the year 2005, ay halos zero na ang taripa. So, kasama ang sigarilyo at alak na papasok sa ating local economy. Tama po ba iyon? Kasi kailangan may data ang Department of Finance natin dyan sapagkat pag ganyan ang mangyayari na halos wala nang taripa iyong pumapasok na mga sigarilyo habang ang locally made products naman natin ay itinataas iyong presyo ng buwis na ipapatong naman sa presyo ng sigarilyo e di magkakaroon ng matinding kompetisyon. Baka matalo ang ating industriya dahil sa patakaran sa taripa. Kawawa naman ang mga manggagawang maaapektuhan. Iyon po ang una kong tanong. Wala pa ako roon sa other factors affecting viability. Dito muna tayo sa policy on trade liberalization ng gobyerno. Nakonsidera ba ito sa paggawa ng batas na ito? Tuluy-tuloy kasi ang pagbabawas ng taripa sa lahat ng produkto at serbisyo na pumapasok sa ating local economy at pinangangambahan namin na baka ang presyo ng ating locally made products na itinataas natin ang presyo ng buwis na ipapataw naman sa kabuuang presyo ng sigarilyo ay magpantay na o konti na lang ang diperensya sa mga foreign brands na pumapasok sa atin na zero tariff na rin. Mr. Speaker, napag-aralan ba iyan?

REP. SUAREZ. Mr. Speaker, palagay ko ho ang pinangangambahan ninyo ay medyo mahirap mangyari sapagkat gaya ng sinabi ninyo, tayo pa rin ang pinakamababa sa presyo ng sigarilyo sa buong rehiyon.

Pangalawa, ke ipasok dito iyong foreign brands katulad ho ng “West” o “Lesloco,” expensive cigarettes like “Rothman” o “Parliament,” na nagkakahalaga ng P60 to P70, meron pa tayong sigarilyo rito na P6 lang isang pakete.

REP. MAGTUBO. Sapagkat may taripa pa sila. Ang itinatanong ko, pag zero tariff na.

REP. SUAREZ. Talaga hong mahal ang presyo ng sigarilyo nila, Mr. Speaker.

REP. MAGTUBO. Wala nang tariff iyon.

REP. SUAREZ. Eh, kahit nilagyan mo ng tariff, mahal pa rin sila. What I am saying is, we have to distinguish two things—the quality of tobacco leaves and the quality of the cigarette.

REP. MAGTUBO. No, Mr. Speaker. Knowing the Filipino's colonial mentality, kapag konti na lang ang diperensiya ng isang foreign brand sa locally made brand, ang inclination ng buyer ay bilhin ang foreign brand. May study naman diyan.

REP. SUAREZ. Hindi ho ako makikipagtalos sa inyo about colonial mentality sapagkat maaaring tama kayo na iyong may kaya would always prefer a foreign-made cigarette than the locally made cigarette.

REP. MAGTUBO. So, ang tanong ko lang, Mr. Speaker, ay kung napag-aralan iyan.

REP. SUAREZ. Well, we have our economic managers, Mr. Speaker.

REP. MAGTUBO. Gusto ko lang malaman sa Department of Finance na nagpropose nito kung hanggang saang level iyong tariff ng sigarilyo at alak na pumapasok sa Pilipinas this year at three years from now para makuwenta natin iyong price difference between our locally made products at iyong mga pumapasok na foreign products.

REP. SUAREZ. Maybe we should review this again, Mr. Speaker, because I do not believe that cigarette production is one of the protected industries of the World Trade Organization (WTO). Kung iyan ho ang kaalaman ninyo, dapat isangguni ito sa Department of Finance at sa ating economic managers. Kaya sa nakikita ko rito—for instance, I am looking at the duty collections that we have collected on foreign-made cigarette—maitataas ho ito. Ang inyong pinangangambahan ay baka dumating tayo sa zero rate. Dapat hong pag-aralan iyon. Tama kayo roon, Mr. Speaker. And I think it is the lookout of the Department of Finance to make sure that our industry will be amply protected if that case should happen.

REP. MAGTUBO. And my point is, kung ang policy kasi ng gobyerno is to lower the tariffs of all services and commodities na pumapasok sa atin, delikado po ito, Mr. Speaker.

REP. SUAREZ. They do not want to lower tariff, Mr. Speaker. They want to collect more, but it is a question of compliance with the provisions of the WTO so we will not get a reprisal or retaliation as they say.

REP. MAGTUBO. Alam mo naman, Mr. Speaker, na ang ating gobyerno ay napakabilis mag-impose ng zero tariff sapagkat naniniwala silang advantageous daw sa ekonomiya. But based on our country's experiences for the past many years, maraming bumagsak na industriya sapagkat ang gobyerno ay nagmamadali ng kanyang mga commitments sa GATT-WTO.

REP. SUAREZ. I agree with the Gentleman 100 percent.

REP. MAGTUBO. And that is one problem that our Department of Finance should study with regard to cigarette and liquor taxation. Sapagkat kanina, nagkaisa tayo na iyong tax na iyan ay ipinapataw sa presyo, kaya tumataas iyong presyo.

Now, on another point, Mr. Speaker, sa smuggling, mayroong ganito ring paniniwala na habang tumataas ang presyo ng ating sigarilyo dahil sa buwis na ipinapataw natin, mayroon namang mga kapitalista o retailers na sa halip na mag-manufacture ng sigarilyo, mag-i-smuggle na lang sapagkat napakataas na ng buwis. Ang kanilang competitive edge ay lumiliit na kung kaya't sa halip na mag-manufacture, mag-i-smuggle na lang sila sa market natin dahil sa mataas na ang presyo ng buwis. Hindi na competitive ang market. So, sa halip na mag-manufacture, mag-i-smuggle na lang. May ganoon ding pananaw iyong mga nasa industriya kaya't pag ganoon ang mangyayari, apektado na naman iyong competitive edge ng mga locally made products.

REP. SUAREZ. Tama ho kayo roon. Sa palagay ko hindi na ho iyong smuggling ang worry ng Department of Finance because that falls under the jurisdiction of the Bureau of Customs. What the DOF is concerned about is the manufacturer of fake cigarettes. Nandito na ho kasi iyong mga makinarya and they are so very elusive and very difficult to catch na ang nangyayari ho parang phantom operation iyan na they move from one place to another in manufacturing cigarettes, with the proper label "made in the Philippines" but not necessarily paying what is due the government. I think that is the concern of the law enforcement agency of the country, Mr. Speaker.

REP. MAGTUBO. All right. Panghuli na lang, Mr. Speaker.

Ano ba talaga ang principal objective ng bill? Kasi, marami tayong naririnig na information o nababasa sa dyaryo na ito ay isang social legislation diumano, na ito ay isang deterrent legislation para hindi na mag-proliferate ang smoking sa Pilipinas at hindi na magkakaroon ng malaking gastusin ang gobyerno sa mga problema sa kalusugan na may relasyon sa paninigarilyo. Ito ba ay totoo? Ano ba talaga ang main objective nitong bill na ito? Is this a revenue-generating bill, a social legislation to

curb smoking or whatever?

REP. SUAREZ. Mr. Speaker, primarily this is a revenue measure, the purpose of which is to raise money for the government. But indirectly, the Gentleman is right, that there might be some sector of our countrymen who, because of the prohibitive price of a 20 percent increase, the consumption of these two products—alcohol and cigarette—might just slow down.

REP. MAGTUBO. Categorically, this is a revenue bill.

REP. SUAREZ. To raise money for the government.

REP. MAGTUBO. So, it is not a bill to curb smoking.

REP. SUAREZ. At the same time, we are trying to increase the selling price. And it is possible, as I have said, I repeat, that there will be some sectors of our society who may find it too prohibitive to smoke or drink. That is why they might lessen their consumption, if not necessarily stop. And that will be good for their health, Mr. Speaker.

REP. MAGTUBO. So, the principal objective is to generate revenue.

REP. SUAREZ. Much-needed revenue. Remember, the last time we adjusted the price of cigarette and tobacco and alcohol was in year 2000 when we increased it by 10 percent.

REP. MAGTUBO. Doon po sa target revenue na P4 billion for cigarette, magkano po ang allotment niyan sa health sector?

REP. SUAREZ. Sa P4.7 billion para sa cigarette industry, may proposed measure po na maglagay ng P500 million para sa health sector. Pinaalis ho ang probisyong iyan noong committee deliberations. Pupunta pa naman ito sa floor at baka marami pa hong gustong maibalik ito pag nasa Senado na o sa bicameral conference committee. Siguro ang maganda roon, kung sakaling mag-i-insist ang ibang sektor o ang ating kasamahan, ibalik ang alokasyon o ideretso nang ibigay sa mga ospital. Kunyari ho, ang respiratory related diseases caused by excessive smoking ay sa Lung Center. Di ilagay ho roon ang pondo. Iyong mga internal problems affecting kidneys at liver, puedeng ilagay sa Kidney Center the amount of money which will be a direct assistance to the operation of these two government hospitals.

REP. MAGTUBO. Mr. Speaker, hindi ko na pakahahabaan pa ang aking pagtatanong, pero in ending, hindi pa rin ako kumbinsido sapagkat walang categorical

answer kasi ang ating Department of Finance tungkol sa mga implikasyon sa industriya na sinasabi ko kanina.

For the record, Mr. Speaker, kami sa Partido ng Manggagawa ay hindi tumitingin kung anong form ng taxation ang gagamitin o kung ito ba ay bill para mag-generate lang ng additional revenue sa gobyerno. The point is, sana sa lahat ng measures natin with regard to taxation, pag-aralan po natin ng buo kasama na iyong mga economic policies ngayon ng ating gobyerno na isinasakatuparan, because in the long run baka hindi natin makita at bigla na lang maging disadvantageous ito sa ating mga produkto. Sapagkat tumitindi na ngayon ang kumpetisyon ng ating produkto at serbisyo sa loob ng ating local economy, madidisgrasya ang ating mga industriya at magiging kawawa ang kahihinatnan ng ating mga manggagawa.

That is all, Mr. Speaker. And maybe sa botohan na lang po ipaliliwanag ko uli iyong aking boto kaugnay ng measure na ito.

Thank you, Mr. Speaker.

REP. SUAREZ. Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we recognize Representative Aguja.

REP. AGUJA. Yes, Mr. Speaker. I would like to raise a few questions and clarifications from the Sponsor of the bill, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Espinosa, E.R.). The Sponsor may answer the Gentleman.

REP. AGUJA. Thank you very much, Mr. Speaker.

The first question that I would like to ask the Sponsor of the bill is about the intention of the bill which is very, very clearly stated in its Explanatory Note. Let us get out of the illusion that it is about health. Reading the Explanatory Note and the entire bill, we gather this is all about generation of revenue for the government. May this Representation be clarified why the proposed increase in tax is only 20 percent and not 30 or 50 percent if we want to raise revenue for the government?

REP. SUAREZ. Mr. Speaker, the proposed measure had about nine different versions and I am one of the principal proponents of a shift from specific tax to ad valorem tax. I still believe my vehicle is the best, but it is unfortunate that we do not have the material time for a long debate because of our fiscal problem. We are letting go of very important steps towards revenue debate but, as I have said, we do not have the material time. The 20 percent is an amount that is not really going to a stage of

what we call distortion in the market, but it is quite a high amount, considering that the last time we increased tax on these two particular products was the year 2000. This should have been addressed really during the last Congress, and I think 20 percent is a reasonable rate, plus the three percent for 2006 and three percent for 2007.

REP. AGUJA. Is my impression correct that the committee had proposed 20 percent because it is a reasonable rate and not for any other reason? Because some people were telling me that we have not collected taxes based on index of inflation from 1998, hence if we do a computation of it up to 2003, then deduct that with the automatic adjustment of 12 percent in the year 2000, we come up with about 20 percent. Is that not the basis, Mr. Speaker?

REP. SUAREZ. Mr. Speaker, the last time we adjusted the tax on these two products, alcohol and cigarettes, was in 2000 and it was by 10 percent. So, if the Gentleman is looking at the index of inflation from 2000 up to the present, he may be right there. He can use his own calculation and mathematical approach, and 20 percent is a reasonable amount of inflation.

REP. AGUJA. Thank you very much, Mr. Speaker.

The next point I would like to raise is, there is an automatic adjustment in the second and the third year—three percent on the second year and three percent on the third year. May we know what was the basis of three percent? Why not four or five percent, Mr. Speaker?

REP. SUAREZ. As I have said, if we adjust the tax of these two products—cigarette and alcohol—we do not want it to be distorted. Historically, as I have said, the tendency of the output on these products will taper off at a certain level for a period of two to three years and then start to improve again. That is precisely the reason we believe that the next Congress should be able to tackle the best vehicle on the right taxation. But leave it as it may, we feel that the Thirteenth Congress has done its homework to improve the revenue by 26 percent for these two particular product lines.

REP. AGUJA. So, is my impression correct that the proposed 20 percent and the succeeding three percent were not really based on any scientific data, so another three percent is added again sometime in 2006 and 2007, if I am not mistaken?

REP. SUAREZ. It is more of a pragmatic approach on the issue, as I have said, Mr. Speaker. We simply cannot afford a 20 and a 10 and 10 or an automatic increase of 40 percent. Automatically, that will cause distortion to the market.

At this juncture, the Deputy Speaker relinquished the Chair to Deputy Speaker Del Mar.

REP. AGUJA. Thank you very much for that, Mr. Speaker, because one of the benefits cited if this bill is passed is that it will ensure that the tax rates on said products are maintained at their real, original levels despite the impact of inflation. That is the reason said products are indexed based on inflation, and I could not find any reason we index it to three, then after that, three again and then, forget about it. Probably, the next time Congress decides to pass another tax measure, that is probably five or six years from now. Why do we not put up a trigger mechanism that will automatically index it?

In other countries, Mr. Speaker, what is being done is that the prices of certain products are automatically indexed based on the current tax, on the inflation of the previous year. Whatever is the inflation of the previous year, it automatically adjusts the tax and there is no need to pass a tax revenue.

REP. SUAREZ. The Gentleman is right there, Mr. Speaker. But, as I have said, when you adjust indexations and classifications and adjust the method or vehicle of collection, then you touch on the issue of whether specific or ad valorem will be the proper approach. That entails months of debate because of different points and avenues of their rationalization. It will take time, which we do not have the advantage right now, Mr. Speaker.

REP. AGUJA. But on the current proposal, Mr. Speaker, it is very, very clear that we want to peg it with the inflation, and that is what I was driving at earlier.

REP. SUAREZ. That is one of the rationalizations behind the 20, three and three. It was properly studied also that the primary purpose is to avoid distortion on both sides—the manufacturer and the consumer.

REP. AGUJA. I am sorry, Mr. Speaker. I am not sure I got what the Gentleman meant when he said “get out of distortion.” For me, distortion means we are not collecting the right taxes due a particular product. When we do not collect it correctly, then there is a distortion or when we are collecting more than what is due the product. However, if by distortion is meant the indexation of sin taxes, the fact is that taxes are indexed based on inflation.

REP. SUAREZ. Mr. Speaker, we are maintaining a status quo on the four categories and therefore we are not doing any indexation of their prices. What we are proposing is a 20 percent accross-the-board tax increase on premium, high-, medium- and low-priced cigarettes.

REP. AGUJA. Will the sponsors of the bill be amenable, at the proper time, to propose that instead of doing it three and three on the second and third years, we peg it at the inflation rate of the previous year? Because the impact is almost the same and we do not have to pass any new legislation.

REP. SUAREZ. Mr. Speaker, as I have said, pointers like what the Gentleman is raising now are very valuable information that can be raised in the Senate or in the bicameral conference committee. This particular observation can come handy and healthy on discussions like these. As I have said, the only thing that we do not have right now is the luxury of time. That is precisely the reason we are trying to rush this particular measure.

REP. AGUJA. Thank you for that, Mr. Speaker. Because I am just bothered that given the economic crisis we have, inflation is really going up. And as of today, our average inflation is already 7.6 percent. And, of course, the previous estimate is we only have an inflation of four percent in 2004 and four percent in 2005. That is probably the basis why the committee got the figure of three.

REP. SUAREZ. The Gentleman's observation is correct, Mr. Speaker.

REP. AGUJA. Therefore, to make this realistic and to collect more money for the government, which is the intention of this tax measure, we index the price of sin products on inflation and come up with an automatic mechanism. Because what will happen after two years is that we again have to adjust it, then adjust it again afterwards. I think one of the main comments if this tax measure is passed would be the failure to provide an automatic mechanism for adjustment, that we are now forced to collect. Nevertheless, I would not like to belabor the distinguished Gentleman along that line, Mr. Speaker.

One problem also concerning taxes is the difficulty of collecting them because there are a number of categories of products according to values. There are so many brackets that we have to go through. Honestly, Mr. Speaker, I used to be a cigarette smoker and still a lover of wine today and I realize it is not that simple to tax them because of so many brackets. Would it not be possible as well that we simplify the tax brackets to make collection easier? Like if it is alcohol, if it is 50 percent, then this is the tax, if it is higher than 50 percent, then this is the tax. But the problem here is we also have another basis, which is the price.

REP. SUAREZ. For alcohol, we normally tax it on the alcohol content which I think is high. But as I have said, if we will read the different nine measures that are being proposed concerning this particular measure, it will take us maybe the whole 2005 to debate on the classification of products. If we will move the method of collecting against alcohol content which I would like to appeal to the Members, we

do not have the material advantage right now. As I have said, I believe my proposed measure will be the best vehicle to shift back to ad valorem and I am willing to debate on that for at least one year to prove that my proposed measure is the most advantageous, that we will be collecting better on a market-driven approach. But the problem is, we do not have the material time for a long debate, Mr. Speaker.

REP. AGUJA. Going to that particular point, Mr. Speaker, earlier, I think another Member of this House has also raised the issue of time. We need to pass this one because we do not have much material time. But as of now, we are not talking about the tax leak. What are the provisions being made by the committee or by the Sponsors to get out of the leakage in our tax system? I think it is very important that we have to hurry if we are talking of material time.

REP. SUAREZ. Mr. Speaker, no less than the leadership of the House, the Majority Leader, assured me that on the next plenary schedule next week we will give due importance to attrition and amnesty with mandatory submission of balance sheets. As I have said, admittedly, this Representation believes that this is just a mere stopgap to make it palatable to our lending institutions. But still, we have not arrested and addressed the issue on the weakness of our system in collecting what is right and due the government. But I am sure that with the passage of these two measures, the only two measures being presented by the Thirteenth Congress to curb the leaks and the weaknesses of the revenue, they will enhance the system of tax collection and reach the necessary target revenue which is one of the biggest problems of the government right now.

REP. AGUJA. Thank you very much for that, Mr. Speaker. We just like to reiterate our sentiment and position that when we increase taxes, we base it not because it is convenient for the sectors involved but rather there is a clear rationalization of it. Like, if it is three, why three, because that will be asked by our people when we go down to different areas.

And, of course, we in Akbayan would like to reiterate our continuing position on the issue of taxes, Mr. Speaker, that our taxes should always be progressive. I think it is high time, given the crisis we are in, to tax the rich more than the poor. And in this particular case, which I think Congressman Magtubo had already raised, we are doing it the other way around. I am not sure if it is because this kind of taxes is far more easier to collect than any other taxes that we are collecting, so the committee is hurrying for the passage of this particular bill.

REP. SUAREZ. As I have said, I consider this a mere stopgap. But once we pass the two vital measures that are supposed to address the weaknesses and leaks in revenue generation, then maybe it will be a different story, Mr. Speaker.

REP. AGUJA. Thank you very much, Mr. Speaker. I would like to end my interpellation on that because I think there is still a long list of our colleagues and we will see each other when we vote on this measure.

Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we recognize Representative Paras.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Paras from the First District of Negros Oriental is recognized.

REP. PARAS. Thank you, Mr. Speaker.

Mr. Speaker, before I proceed, may I ask the distinguished Sponsor of this bill if the government representatives who would implement such a bill are present. I am referring specifically to the Secretary of Finance, if she is present. I will not proceed with my interpellation without her presence.

REP. SUAREZ. Mr. Speaker, she was here earlier. She will be coming back in a short while.

REP. PARAS. I will see first if there are enough Congressmen around because this is a vital bill. If nobody is listening to its substance, I do not think our country will be benefited from the ignorance of its constituents if they are not listening to the interpellation of this humble Representation, as well as the answers of the very, very able Sponsor from Quezon Province, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Majority Leader wishes to reply.

REP. NOGRALES. Mr. Speaker, I would like to assure my distinguished colleague that on my word, a lot of Congressmen are around for a quorum, and I think some of them already understand the nature of this bill and are about ready to vote on it. But since Congressman Paras still wants to have clarificatory questions, then we will give him all the time to ask them. On my word, Mr. Speaker, I assure Congressman Paras that we have enough Congressmen in the halls of Congress.

REP. PARAS. This is really a very, very great occasion, Mr. Speaker, especially when we heard the Majority Leader predict the views of the Members despite the fact that a lot of them have not even read the bill. But of course he is my friend and I will always believe him, Mr. Speaker. But I am not only concerned with the Members of the House. I am very concerned with the implementor because I have always

maintained the sentiment that we do not need to pass any tax bill because it is just a matter of plugging the leakage.

Now, if the head of the Department of Finance will not be around while I am asking my question, then it will be an injustice to our people in this country. So, can we wait for her for a while to answer my questions? Although the honorable Sponsor is very able, of course, I would also like to listen to the government representatives' views on this proposed bill. Because when I listened to them in the Twelfth Congress during a deliberation, they were very emphatic in passing the indexation issue into the sin taxes, but it seems that this disappeared in thin air.

So, Mr. Speaker, if I do not want to raise a quorum, maybe we can wait for this department head.

THE DEPUTY SPEAKER (Rep. Del Mar). If the Gentleman from Negros Oriental will allow his friend, the Majority Leader, to reply.

REP. PARAS. Definitely.

REP. NOGRALES. Mr. Speaker, in view of the manifestations of my distinguished colleague, may I suggest that my distinguished colleague first defer his time for interpellation and give the others a chance while we await the presence of the Secretary who, the Sponsor said, will be coming back after 30 minutes because she is probably having dinner. If my distinguished colleague, Congressman Paras, will allow the Majority Leader, then we will give his time first to others who are waiting and then we will just call him later on when the Secretary is here.

REP. PARAS. Thank you, Mr. Speaker. If it were not only his birthday today, I would not have withdrawn my objection. But may I greet the Majority Leader "happy birthday," and at the same time, I am also amenable to his suggestion that I will just forego my interpellation meanwhile and do so after maybe one or two interpellators after that.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). So, may we call the Dep. Majority Leader to call the next interpellator. Then, when the good Secretary of Finance is around, the Gentleman from Negros Oriental will take his turn.

REP. CASTRO. Mr. Speaker, I ask that we recognize Rep. Gilbert Remulla.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from the Second District of Cavite, the Honorable Gilbert Remulla, is recognized.

REP. REMULLA (G.). Thank you very much, Mr. Speaker.

Distinguished colleagues and of course our distinguished Sponsor, the distinguished Gentleman from Quezon, who is a tax expert, when I was a reporter of ABS-CBN, I remember that the good Gentleman, the Chairman of the Committee on Ways and Means at that time was very erudite in all things, especially taxes and tariffs.

REP. SUAREZ. Thank you, Mr. Speaker.

REP. REMULLA (G.). Anyway, Mr. Speaker, I would like to ask the distinguished Sponsor if cigarette smoking is addicting.

REP. SUAREZ. Just like alcohol, women and gambling, they are addicting, Mr. Speaker.

REP. REMULLA (G.). Just like alcohol, and what else did the distinguished Sponsor say?

REP. SUAREZ. Gambling, women, cigarette and drugs. They are addicting, Mr. Speaker.

REP. REMULLA (G.). Perhaps, I would like to differ with the distinguished Gentleman because according to many studies, they say that cigarette smoking produces nicotine and nicotine is a drug. Would the distinguished Sponsor agree?

REP. SUAREZ. Mr. Speaker, I am not a smoker but I know that nicotine is derived from smoking cigarettes. So, I think the Representative from Cavite is right. It also makes one's nail colored yellow, Mr. Speaker.

REP. REMULLA (G.). Yes, and perhaps the teeth colored yellow, and even the lips and gums get darker as well and there will be a lot of lung problems also.

REP. SUAREZ. Bad breath also, Mr. Speaker.

REP. REMULLA (G.). That is correct. Would the Gentleman agree to the findings of the US Food and Drug Administration that nicotine is an addictive drug?

REP. SUAREZ. I am referring the Gentleman's question to the Gentleman from Ilocos Sur who is a tobacco planter and I think he is saying the Gentleman is right, Mr. Speaker.

REP. REMULLA (G.). Yes. Therefore, the sale of cigarettes would be a perfect profit-making machine that gets smokers addicted to the product and therefore will

continue to buy cigarettes. Will the Gentleman agree, Mr. Speaker?

REP. SUAREZ. The Gentleman is correct, Mr. Speaker.

REP. REMULLA (G.). So, it is a perfect profit-making machine. Considering that it is addicting and, as the Gentleman said earlier, has a lot of disadvantages when it comes to one's health and that according to expert studies all around the world it may cause cancer, emphysema, and other illnesses which may debilitate, what should the State do about such an industry that has so many ill effects?

REP. SUAREZ. I think the warning that is posted on the cigarette pack which says "cigarette smoking is dangerous to your health" is enough warning already to the consumer—that what he is doing is not right and that it is bad for his health. If he still persists in smoking, that is his own lookout, Mr. Speaker.

REP. REMULLA (G.). That being said, would the Gentleman say that right now the State is encouraging or discouraging smoking?

REP. SUAREZ. In measures like this wherein we make the price a little bit expensive, then we are making a move to discourage the smoker and drinker at the same time, Mr. Speaker.

REP. REMULLA (G.). But are we doing enough with this proposal considering that there is only going to be an increase of about P4.4 billion? Is that correct when it comes to cigarette or tobacco products?

REP. SUAREZ. It is P4.7 billion for cigarettes and a little more than P3.5 billion for alcohol, for a total of about P7 billion plus for 2005, Mr. Speaker.

REP. REMULLA (G.). I know this has been mentioned earlier, but I just want to get further clarification about the social cost of smoking. The World Health Organization (WHO) has said that it leaves the government poorer by an estimated P46 billion in terms of economic and medical cost annually from cigarette smoking. Would the distinguished Sponsor agree to that statistics?

REP. SUAREZ. I am looking at a statistical data of respiratory-related diseases caused by smoking and the Gentleman's figure is correct. It is P46.35 billion, which is the total cost, Mr. Speaker. This includes lung cancer, coronary and artery diseases which are all tobacco related, Mr. Speaker.

REP. REMULLA (G.). Would the distinguished Sponsor know how many Filipinos die from smoking-related illnesses?

REP. SUAREZ. I am not sure, but there are a lot, Mr. Speaker.

REP. REMULLA (G.). Some estimates put it at about 20,000 Filipinos annually.

REP. SUAREZ. That may be a right figure, Mr. Speaker.

REP. REMULLA (G.). So, given the social cost of P46 billion, how much are we currently earning from tobacco taxes?

REP. SUAREZ. Right now, it is P19.7 billion, Mr. Speaker.

REP. REMULLA (G.). It is P19.7 billion.

REP. SUAREZ. But that does not include other taxes, Mr. Speaker.

REP. REMULLA (G.). But this is just from tobacco, Mr. Speaker.

REP. SUAREZ. But if we say the total, I would say that we are collecting maybe about P26 to 27 billion from the tobacco industry, Mr. Speaker.

REP. REMULLA (G.). Yes. And according to RA 7171, 15 percent of P26 or P27 billion mentioned shall be allotted and divided pro rata among the beneficiary provinces. Is that correct?

REP. SUAREZ. There is a certain amount that is provided by RA 7171 to give assistance to tobacco growers. The Gentleman is correct, Mr. Speaker.

REP. REMULLA (G.). So, 15 percent of about P27 billion would be roughly P3 billion.

REP. SUAREZ. But the Gentleman from Ilocos Sur is saying that they are not collecting that amount. The budgeted amount is only about P1.2 billion, Mr. Speaker, and it has not been released yet. So, I think that is a figure that should not even be debated upon because what is being earmarked is not automatically being released anyway.

REP. REMULLA (G.). Perhaps, in one way that is bad for the provinces. In one way it is good, I suppose.

REP. SUAREZ. Because it does not encourage more planters. If the concern of the Gentleman is to deter smoking, then, yes, the Gentleman is correct, Mr. Speaker.

REP. REMULLA (G.). Thank you very much, Mr. Speaker. Because definitely, if we are just going to discourage smokers—and one way of doing so is raising taxes on these cigarette smokers—would he agree that the number of smokers will decrease by increasing the taxes that we have right now?

REP. SUAREZ. As I have said earlier, with the interpretation of Congressman Magtubo, there will be a significant number of Filipino smokers and drinkers who will consume less if we increase the price, considering our economic situation.

REP. REMULLA (G.). With the bills filed with the Committee on Ways and Means, there were about nine that deal with the sin taxes, if I am not mistaken. I have heard the distinguished Sponsor say so.

REP. SUAREZ. About that number, Mr. Speaker.

REP. REMULLA (G.). And according to a committee page, one of the bits and pieces of information printed out by the committee is the corresponding estimated revenue impact in billion pesos as appearing in the different House bills. I would like to ask our distinguished colleague: The committee report stated that if this bill were passed, it would raise an estimated amount of about P7.7 billion. Is that correct?

REP. SUAREZ. For 2005, that is the target. But as I have said, they are still subject to the Senate version. Right now, at 20 percent, we are supposed to hit a collection of about P7.7 billion over and above what we are presently collecting.

REP. REMULLA (G.). The matrix says that House Bill No. 194, which is authored no less by our distinguished Speaker De Venecia, has an estimated revenue impact of P14.4 billion.

REP. SUAREZ. That is correct. I read that matrix also. Mine is higher, Mr. Speaker.

REP. REMULLA (G.). Yes, and the distinguished Gentleman's House Bill No. 1558 has a P16.84 billion estimated revenue. I would like to inquire how come these were not followed and it seemed to have been watered down to about P7.7 billion revenue?

REP. SUAREZ. As I said, there are different venues and vehicles on these nine different measures which include shifting from our present system—from specific to ad valorem—and converting it into one-tier, one-brand cigarette. These are about nine different versions that if we are going into a full-blown debate, it will take us the whole of 2005, and we do not have the luxury of time, Mr. Speaker.

REP. REMULLA (G.). Would the distinguished Gentleman know what the threshold of the tobacco industry is when it comes to taxing tobacco products?

REP. SUAREZ. We practically twisted their arm with the 20 percent because they were asking for 12 percent to 14 percent. When we asked them how much could they afford for an across-the-board increase on a version of a status quo on these four different categories during the different hearings, they asked for 12 percent or 14 percent with four percent increase for two consecutive years, and the DOF suggested 20 percent and they felt that it would not cost much dislocation within the industry. That is precisely the reason I said 20 percent is a reasonable amount right now, maintaining the status quo of the four categories, Mr. Speaker.

REP. REMULLA (G.). What is the rationale for those four categories when in other countries there is a single classification? Forgive me for asking the question, Mr. Speaker.

REP. SUAREZ. As I have said, I am not a smoker, but if we go to other countries, we will notice that on different brands, prices do not really differ much. There is only a very slight difference unlike here where the price jumps from a P4 pack to a P35 pack. The rationale behind is, we are growing tobacco leaves that are not really of good quality. And the only way that we can have a buyer is when we manufacture low-quality cigarettes. If this is not done, then the farmers will have no market for the low-quality leaves that we are producing.

REP. REMULLA (G.). Therefore, there are different levels. I am just curious because I believe even if a person smokes low-quality or high-quality tobacco, it will still lead to some sort of illness later on.

REP. SUAREZ. I tried to smoke once and I could never distinguish the difference, Mr. Speaker.

REP. REMULLA (G.). Thank you very much, Mr. Speaker. I just wanted to clarify those issues and perhaps later on during the period of amendments, since we really want to increase revenues for this cash-trapped government, I hope the distinguished Sponsors will be amenable to increasing this rate that is currently done right now which will only raise about P4.4 billion from tobacco. I believe that we can do much more than this.

Thank you very much, Mr. Speaker.

REP. SUAREZ. Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we recognize Representative Marcos. Mr. Speaker, I am withdrawing my motion considering that Representative Marcos is not around. In lieu thereof, Mr. Speaker, I ask that we recognize Representative Cayetano.

THE DEPUTY SPEAKER (Rep. Cayetano). The Gentleman from Pateros/Taguig, the Honorable Cayetano, is recognized.

REP. CASTRO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. CASTRO. Representative Cayetano is not around, so I am withdrawing my motion. In lieu thereof, I move that we recognize Representative Malapitan.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from Caloocan, the Honorable Malapitan, is recognized to interpellate the sponsoring vice chairman.

REP. MALAPITAN. Thank you, Mr. Speaker. I have only a few questions. I understand that we are going to generate about P6 billion from this tax measure. Am I right, Mr. Speaker?

REP. LOCSIN. I think the figure I heard was P7.6 billion.

REP. MALAPITAN. All right. Is the Gentleman aware who the biggest taxpayer is among the cigarette companies?

REP. LOCSIN. I believe it is Fortune Tobacco Corporation (FTC) followed closely by Philip Morris, the American company.

REP. MALAPITAN. Yes, according to the study, Fortune Tobacco Corporation is the number one taxpayer followed closely by Philip Morris.

Mr. Speaker, if we are going to increase the tax by as much as 20 percent, can we still generate the much-needed revenue, the P7 billion that we are targeting? Because I think if we are going to raise the tax, medyo masasaktan o matatamaan itong Philip Morris. Iyong sales ng Philip Morris ay mapupunta roon sa mas murang sigarilyo o pinakamurang sigarilyo. So, what I mean is that the Philip Morris Company cannot pay the taxes that it was paying before. Does the Gentleman have a study on this, Mr. Speaker?

REP. LOCSIN. The 20 percent was actually a figure that was not so much

conceded as arrived at in consultation with Philip Morris and Fortune Tobacco, the two major players. Whether they will shift, the study seemed to indicate that the smokers' loyalty to their brand depends on their income bracket. The higher the income bracket, the stronger the loyalty to the brand. So, in most likelihood, smokers of premium Philip Morris cigarettes will stick to that brand.

This is only anecdotal, but I think cigarette smoking is a very personal habit. It is not something you can interchange very easily. It is your taste. So, in most likelihood, they will stay where they are and just pay more.

REP. MALAPITAN. Sa ngayon ho, ang Philip Morris is paying about 25 percent of the total market among the cigarette companies. Ang ibig ko hong sabihin, pag itinaas ho natin itong presyo na higit na tatamaan ang Philip Morris Company, maraming magsu-switch sa mas mababa. So, iyong ibinabayad nilang dating tax ay baka lumiit at hindi natin ma-reach iyong tina-target nating revenue dahil pag nag-switch sila, pupunta sila sa Fortune Tobacco na nagbabayad lamang ng mababang tax.

REP. LOCSIN. Hindi naman mababa because there are different grades. If it happens, I do not think it happens among higher income smokers—that they just switch brands by having to pay, say, P10 more. They will go down to the next best brand even if it may be also a Philip Morris brand or it might be a Fortune Tobacco brand. And there will be more people smoking the next best brand. So, we will still be generating revenue there. Whether it will even out, I do not know if the figures will come out.

But let us not forget one important consideration. Philip Morris is an American company packing tobacco in the Philippines. Fortune Tobacco makes cigarettes in the Philippines and employs thousands of people. I do not think this is a consideration in taxation, but I think it bears remembering.

REP. MALAPITAN. So, iyon lamang ho ang precaution ko, Mr. Speaker, na baka naghahabol tayo ng mas mataas na tax ay bumaba pa ang ating makukuhang tax sa mga susunod na panahon.

So my last question is: Magkano ba lahat talaga ang kinikita ng ating pamahalaan sa mga cigarette taxes?

REP. LOCSIN. About P20 billion in one year.

REP. MALAPITAN. So, if we are earning P20 billion from cigarette taxes, magkano naman kaya ang ginagastos ng Department of Health sa pagpapagamot ng mga kababayan nating nagkakasakit dahil sa paninigarilyo?

REP. LOCSIN. Let me get the figures. We cannot compare the situation in the

United States and in the Philippines because health cost that is not picked up by the government is not a cost we can consider. The total health care is P27 billion, but I do not know how much of that the government picks up. They do not have figures on how much—I cannot believe that! There must be figures to indicate how much government hospitals pick up for emphysema or for lung cancer that is traceable to cigarette smoking. But what I can tell is this—I doubt if it is very big—the Philippine government is not famous for taking care of the health needs of its people.

REP. MALAPITAN. Because I received an information—I do not know if this is true—that the government is spending about P40 billion. So, I want to clarify if this is right or wrong. If that is true, kumikita nga tayo ng P20 billion, gagastos naman tayo ng P40 billion. Ibang usapan yata ito, Mr. Speaker.

REP. LOCSIN. That is correct, Mr. Speaker. But I doubt if the Philippine government had ever spent P40 billion on anybody's health care for any disease. But my inclination is, the higher the brand of cigarette, the higher the incidence of cancer. I would think so because the more you keep the smoke inside the body. The cheaper the cigarette, the quicker you exhale and the less likelihood of cancer. So, the incidence of cancer may be higher among those who can afford to take chemotherapy.

REP. MALAPITAN. All right. That will be all.
Thank you, Mr. Speaker.

REP. LOCSIN. And the cost of the rich is not something we should concern ourselves with.

REP. MALAPITAN. Please just take note of my observation regarding the expenses of our government on health care.

REP. LOCSIN. Absolutely. That is an important point because it will offset.

REP. MALAPITAN. Thank you again, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we recognize Rep. Antonio M. Serapio.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Serapio is recognized to interpellate the sponsoring Vice Chairman, Honorable Locsin of Makati City.

REP. SERAPIO. Will the honorable Sponsor respond to a few questions?

REP. LOCSIN. Yes, Mr. Speaker.

REP. SERAPIO. I would like to ask this question because I am at a loss as to what is really the intention of Congress or of the executive in passing this proposed bill on sin taxes. What is really the intention of the government in passing the sin taxes bill, Mr. Speaker?

REP. LOCSIN. I believe the sin taxes bill, along with several other revenue measures, is intended to raise revenue to narrow the fiscal gap.

REP. SERAPIO. That is also my belief, that the passage of this bill is for generating more revenues for the government because of the fiscal crisis situation. I have been following this up closely during the deliberation of this proposed bill at the committee level. Originally, not the 20 percent across-the-board proposal was being sponsored by the Department of Finance. Why is it that there was a sudden change and proposal to just impose a 20 percent across-the-board tax on cigarette?

REP. LOCSIN. From my conversation with the Department of Finance, what I gathered was that over so many years, the cigarette tax should have been increased because of inflation, but Congress had failed to take appropriate action on it. If we add what the government had failed to collect, the amount would be something like 31 percent. However, I think there is a difference between inflicting 31 percent in one year as a catch-up measure, because Congress failed to act as it should have done when the inflation figures indicated a need to already revise the tax. If we hit them that fast with that amount and in one blow, we might destroy the industry that is the subject of taxation.

REP. SERAPIO. And what are these years that they are referring to?

REP. LOCSIN. The years they are referring to are 1997 to 2003.

REP. SERAPIO. I asked this because way back in 1996—I was a Member then of that Congress—the Department of Finance, under the administration of then President Fidel V. Ramos, sought to change the excise tax system from the ad valorem to the specific system of taxation to plug the loopholes on the ad valorem system. A certified bill was filed to that effect and the administration then, which was proposing the change, was very confident that the certified bill would be perfect. However, the system did not turn out to be specific upon its approval because of so many amendments. The proposed bill became a mixture of ad valorem and specific tax system which wrought havoc on the the system. This also brought about inequity among the players in the cigarette industry because the proposal then of the administration was a one- or two-tier system of specific taxation. But what came out

was a four-tier system wherein the different brands were classified depending on their price. And this is precisely the reason this mixed system did not turn out to be very effective in raising the proper revenues.

Mr. Speaker, during the deliberations at the committee level, this was admitted by the Bureau of Internal Revenue and now comes the 20 percent across-the-board without touching on the ad valorem side of the existing law on excise tax. And this is the reason likewise that there were clamors that the bill should have been, shall we say, changed to make it either 100 percent ad valorem or 100 percent specific. What turned out is a bill that is “bakla.” Naging “bakla” po ang batas na ito.

REP. LOCSIN. I am sorry, Mr. Speaker.

REP. SERAPIO. Does the Gentleman not think we should also touch on the existing system that we have under the present law so as to level the playing field among the participants?

REP. LOCSIN. Mr. Speaker, I think the principal sponsor and the cosponsor, Congressman Suarez, who had a longer experience, has said that they were trying to avoid a long debate. If the question of classification had been tackled, then the urgency with which we need to pass this bill would not have been addressed because the debate would continue longer.

Addressing the four-tier classification would, one way or another, change market shares. And I think we might say that taxation is not a good weapon to change market shares. The only way to change market shares is by free market principles like price and demand.

The major players in the cigarette business have chosen the market segment they want. Some have targeted the upper income segments and some have targeted the lower income segments. The across-the-board effect of the 20 percent increase basically leaves the players exactly where they want to be in the market. Whether that is a playing field or not, they would think it level for those who like their market shares, while for those who do not like their market share of their particular brand, they think it is skewed. But the best thing that the Committee on Ways and Means could do to avoid an extended debate on whether the proposed tax would actually favor one or the other is to have an across-the-board 20 percent increase in absolute terms, unlike a specific tax.

REP. SERAPIO. Does the Gentleman mean that the reason we just confined the changes in the bill to the 20 percent increase on taxes was the urgency of the approval of this bill?

REP. LOCSIN. That is not the reason we confined it to 20 percent. The simplicity of the mechanism for increasing the taxes was, I believe, motivated by the desire to pass this quickly.

REP. SERAPIO. So the honorable Sponsor would agree with me that the actual purpose of having this bill passed will not be met or will not be realized just because we have to pass it urgently. The actual purpose of raising additional revenue will not be met because of this 20 percent tax rate that is being proposed by the Department of Finance.

REP. LOCSIN. Mr. Speaker, on the contrary, I think even with the 20 percent tax rate, the purpose of the measure, which is to raise more revenues, will be met up to the extent of P7.6 billion. If it does not do that to the extent of Congressman Suarez' desire for an ad valorem system to raise P14 billion, his proposal would have been controversial and would have entailed a long and protracted debate that would have delayed the approval of this bill, which I understand from the economic managers is a signal we want to send to our foreign creditors—that we are in earnest and we are serious about raising revenues. How much exactly? We do not know. We hope to get as much as we can since the intention of this particular revenue is to raise enough money to close the fiscal gap only to make an industry contribute more which, as the principal Sponsor pointed out, is one of the most heavily taxed sectors of the economy.

REP. SERAPIO. With due respect to the honorable Sponsor, I disagree to that reasoning adduced by the author of the bill because if we will try to compute the expected revenues that will be generated under the first proposal of the Department of Finance over that of the 20 percent imposition, it will appear that we will be losing more revenues if this bill will be eventually approved. Under the first proposal of the Department of Finance, the expected revenue to be raised is about double the amount which will be raised under the bill.

REP. LOCSIN. Yes, I agree entirely with the Gentleman. The original proposal was a 31 percent increase which was an addition of all the adjustments that should have been made since 1997. However, the question was whether the tax that should have been spread out over so many years should be imposed in one blow to catch up on the failure of Congress to make those adjustments when the inflation figures warranted it.

REP. SERAPIO. Yes, Mr. Speaker, that is precisely my point. Why do we have to rush the approval of this bill when it will be the government which will suffer because of the much-reduced revenues that will be generated by this 20 percent across-the-board?

And another thing, Mr. Speaker, why is it that the 30 percent original proposal was reduced to 20 percent? Where did that proposal come from in the first place?

REP. LOCSIN. The 30 percent proposal is the sum of all the adjustments that should have been made but which Congress failed to make since 1997. So, it was a

catchup to the original intent. It is not a sacred figure. The figure does not take into consideration factors in the market and the ability of the subjects of the tax to absorb so heavy attacks in one blow. And further consultations within the Department of Finance convinced them to bring it down to 20 percent and then add three percent every two years for upward adjustment which would bring it close to the original figure of 30 percent.

REP. SERAPIO. Mr. Speaker, if only Congress would approve a pure specific system, we can be rest assured that there will be, shall we say, additional revenues, more than what we expected to raise had we changed the system from the present law, which is a mixed ad valorem and specific. That should have been the stand of the committee and the Department of Finance because we all know the advantages and the disadvantages of the two systems of excise taxation—the ad valorem and the specific. The pure, specific which is very, very simple is based on the product as it comes out of the factory. The expected taxes are already predetermined, unlike the ad valorem where the tax to be imposed is based on the price of the brand of the cigarette. This is also where the inequity comes in.

REP. LOCSIN. I was wondering about that myself, but I thought that if there were one specific tax across all brands, then it would start affecting the market share for the various brands. At this time, I think Congress is not prepared to enter into debate on a matter which, I think, is also a little shaky. Do we use taxation to change the market share of major players in the cigarette industry? Do we use taxation to favor or disfavor one or the other player? I think a better system is simply to be as neutral as we can, which is always very hard to do, so as not to favor one or the other, but to extract from all as much revenue as the industry will bear.

REP. SERAPIO. At any rate, I really do not have any objection to the proposed bill as a whole. I just want to bring out the inequity which will result if we will not, shall we say, adopt a specific or ad valorem tax system. It should be either one. Mahirap po iyong “bakla” sapagkat hindi natin malaman kung kailan o kung sino ang papanigan. Hindi po ba? But then I have nothing against anybody. I am not defending any manufacturer. It is only that I am concerned if we can eventually pass a law which will impose specific taxes on excise taxes. I am definitely sure that it could greatly help the government in raising additional revenue.

REP. LOCSIN. There is no doubt that simplicity in taxation is, I think, much to be preferred.

REP. SERAPIO. Maybe at the proper time, in the very near future, a new law could be passed to remedy the inequity in this existing law.

That would be all, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Floor Leader is recognized.

REP. MITRA. Mr. Speaker, I move that we recognize the Honorable Cayetano.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from Pateros/Taguig, the Honorable Cayetano, is likewise recognized to interpellate the sponsoring vice chairman.

REP. CAYETANO. Thank you, Mr. Speaker. Magandang gabi po. Mr. Speaker, will the Sponsors of the bill allow me to ask a few questions?

REP. LOCSIN. Yes, Mr. Speaker, gladly.

REP. CAYETANO. Thank you, Mr. Speaker. Tama po ba na ang bill na ito ay na-certify na urgent?

REP. LOCSIN. Yes, it was certified as urgent.

REP. CAYETANO. So, would that explain why the committee has been rushing this bill and there have been questions about the manner in which the committee has held the hearings?

REP. LOCSIN. We have the letter here from the President that it is an urgent bill and that, of course, means that we must act with haste, with all deliberate speed.

REP. CAYETANO. Mr. Speaker, before I ask the Sponsor for the rationale, I pointed out in the Committee on Rules my simple request that the committee report, in accordance with our Rules, should be circulated to all Members and not only to Members who have the number that constitutes the majority. In other words, Mr. Speaker, if there are 120 Members, the committee report should be circulated to the 120 Members who wish to sign or give their dissent. The problem is, after having that commitment in the Committee on Rules—apat po kami kagabi and this Representation was the last one to leave this session hall last night — hindi pa rin po ipinakita sa akin iyong committee report para pirmahan. Nag-deliver ng kopya sa office ko dahil hiningi ng staff ko. Pero hindi ko naman puwedeng pirmahan ang kopyang iyon, dahil hindi naman ang kopyang iyon ang isa-submit sa plenary. I asked some of our colleagues, both in the majority and in the minority like Congressman Magtubo who said that he was not also asked to sign. So, anyway, that is water under the bridge and we are already in the period of interpellations. So, I will not make a legal issue out of that. But may I request that this procedure be corrected, especially in bills that affect many of our constituencies.

REP. LOCSIN. I agree with the Gentleman entirely and I do not think it helps any measure to try to do shortcuts.

REP. CAYETANO. Thank you, Mr. Speaker. I would just like to emphasize that. The staff should have the patience of going to every Member and asking them if they would sign. But to just leave a copy in the Member's office is not right. What if the staff cannot find the Member, I would agree that the staff did his job, but I was here in the session hall. Having said that, Mr. Speaker, and having discussed several issues about the procedure, is it true that one of the major factors why we are rushing this bill is that there is a threat or there is a reality that our international rating might be downgraded if we do not pass certain tax measures before the end of the year?

REP. LOCSIN. That message has been conveyed.

REP. CAYETANO. Mr. Speaker, may I ask the sponsor to further explain that. I mean, if we have a downgrade, then what would be the net effect as far as our borrowings and our payment of interest are concerned?

REP. LOCSIN. I believe interest rates will rise on the amount which we borrowed.

REP. CAYETANO. Is it correct, Mr. Speaker, that for every 100 basis points or one percent, P20 billion or P30 billion will be added?

REP. LOCSIN. I heard the figure P20 billion before but I am assured by the principal sponsor who actually spoke to one of the credit rating agencies that it can come up to P30 billion.

REP. CAYETANO. So between P20 billion to P30 billion, may I ask how many times have we been downgraded since President Gloria Macapagal-Arroyo took the presidency in 2001?

REP. LOCSIN. There was a recent downgrading, but we do not recall how many times, Mr. Speaker.

REP. CAYETANO. I saw people from the Finance Department here. Are they still here? Would they have the data as to how many times we were downgraded?

REP. LOCSIN. With the Gentleman's patience, we will get the data.

REP. CAYETANO. Thank you.

REP. LOCSIN. The DOF will check with the International Finance Group as to the number of times we had been downgraded during the administration of President Arroyo.

REP. CAYETANO. Let me drive my point further while we are waiting for that information. What exactly will it take for us not to be downgraded? What would be the minimum action by both the executive and the legislative for us to avoid that situation where our credit rating will be downgraded?

REP. LOCSIN. I do not think there is a set threshold. At least, I hope not. But there is a need for a significant effort by Congress in the passing of revenue measures that would close the fiscal gap and the prodding from the executive for efficient tax collection. For some reasons, I guess they have targeted sin taxes, because they think it is inessential.

REP. CAYETANO. I take this line of questioning, Mr. Speaker, for clarification because I do believe that the bill that we will pass is based on a certain policy and that policy, of course, will have a logical rationale. So, I was wondering what is the rationale and what is the policy. Is it to get the highest amount of revenue we can in order not to be downgraded or is it to get the minimum that we can without being downgraded? Because in the briefing materials given out by Congressman Salceda in the Committee on Economic Affairs, he stated that the target for indexation of sin taxes is P14 billion, but the Gentleman stated a while ago that we are now down to a target of around P7 billion. Is that correct?

REP. LOCSIN. That is Salceda's opinion. In fact, that target could have been reached if we had adopted the ad valorem proposal of Congressman Suarez which, I also understand, would have been really punishing on one of the major players, specifically Phillip Morris.

On the other hand, I think the policy can be summed up this way. It is to exact as much revenues as we can without killing or depressing the goose that it does not feel like laying eggs anymore.

REP. CAYETANO. Mr. Speaker, I will not debate with the Sponsor on how much it will take to kill the goose because, precisely, that is the bone of contention of the different views. But in Congressman Salceda's computation which comes out to P93.7 billion, this is close to the P80 billion to P100 billion that the President is asking for. So definitely, if we pass only P7 billion out of the P14 billion, we will have to adjust taxes in other industries and in the coming weeks of Congress we will be discussing other tax bills. Definitely, we will have to add or the target revenue to be collected from those bills will increase because we cannot meet the P100 billion without increasing the other rates now that we decreased the target for the indexation

of sin taxes. Is that logical, Mr. Speaker?

REP. LOCSIN. That would be logical if we accepted Congressman Salceda's estimates as final.

In spite of the modest and more realistic target of P7 billion, we will still achieve P83 billion which I think is the figure that the President was aiming at—not a P100 billion.

REP. CAYETANO. But, Mr. Speaker, that is by means of other tax measures.

REP. LOCSIN. Yes, other tax measures.

REP. CAYETANO. Mr. Speaker, following the premise that we will try to raise the highest amount of revenue without killing the goose that lays the golden egg in order not to get downgraded and to have a more reasonable fiscal situation, my next question then would be: What would it take for us to get an upgrade?

REP. LOCSIN. I think if we surmount our fiscal deficit, from there we could start looking up. But in our situation, just running in place is already a progress. We are being downgraded and being pushed further back.

REP. CAYETANO. Mr. Speaker, the perceptiveness of the Gentleman from Makati City answered my next question, but let me ask it anyway. Are we just here to finish the race or do we want to be a placer in this race? To me, if the administration targets an upgrade and we meet the target, we will have the negative of a double whammy or a double victory because we have raised the revenues that we need, plus we will save P30 billion. I mean, we have been pushing this bill and it has been in the newspapers that if Congress does not act, automatically we will lose from P20 billion to P40 billion.

Let us reverse the process. If the executive and the legislative join forces in doing efficient tax collection and we pass the necessary revenues, why do we not target an upgrade?

REP. LOCSIN. Mr. Speaker, it is always dangerous to argue with metaphors in the real world. Consider it a race. What we could do is to encourage, prod, slightly threaten our horse, or we could whip it to death. But the problem is whether by whipping it, we will enable it to reach the finish line, let alone win the race. And this is why these measures are not passed by the President herself. This is why I joined Rep. Exequiel Javier in refusing to give an automatic adjustment to the executive because the task of determining whether our country can take so much punishment to meet the fiscal deficit is something that devolves entirely on us as direct Representatives of the people. We should decide how much punishment our people can take.

REP. CAYETANO. Yes, Mr. Speaker. I agree to the general concept stated by the Gentleman. In fact, that has been enunciated by Congressman Escudero when he asked: "Aren't we taxing the poor?" But when we stick to sin taxes, I think there is a general agreement that until the 30 percent threshold, it can be absorbed by the industry. And the smokers will get hit, but generally we will get more revenue. We take the bitter pill, but we will have a better healing process. And what I am saying is that, kung iinom ka rin lang ng bitter pill, iyon ng hindi ka lang mawawalan ng sakit pero iyong todong maganda ang pakiramdam mo, with a P30 billion bonus. So I guess, Mr. Speaker, what I am driving at, without saying that I am for the 30 percent is, why did we bend backward and go for the 20 percent rather than the original proposal of the committee or the Finance Department to go for 30 percent?

REP. LOCSIN. The 30 percent, as I said, is not a sacred figure. It is a total of the adjustments that Congress failed to make. Whether you can hit the mark with what you forgot to tax over so many years in one blow in one year is a wise thing. It is apparently something that the DOF, in the end, changed its mind about when they went down from 30 percent to 20 percent. So, I think that is basically my answer to the Gentleman—that 30 percent is not a sacred figure. Of course, we want to raise as much revenue as we can, but I understand that how much an industry can take will have to be measured against what the players themselves self-servingly say they can take and what I hope independent studies thereon have found out. And there is a need to strike a balance between the two because one will never know the figure until the horse is dead or has actually crossed the finish line still breathing.

REP. GUINGONA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Guingona is recognized.

REP. GUINGONA. Thank you, Mr. Speaker.

The interpellation of the Honorable Cayetano is very informative. To do justice to this interpellation, I think there should be a quorum.

Mr. Speaker, I therefore question the existence of a quorum.

SUSPENSION OF SESSION

THE DEPUTY SPEAKER (Rep. Del Mar). The session is suspended for a while.

It was 9:49 p.m.

RESUMPTION OF SESSION

At 9:51 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is resumed.
The Gentleman from Bukidnon, the Honorable Guingona, is recognized.

REP. GUINGONA. Mr. Speaker, with the assurance that we will have a roll call in five minutes, I withdraw my motion.

THE DEPUTY SPEAKER (Rep. Del Mar). The motion is withdrawn.

REP. CAYETANO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Cayetano may proceed with his interpellation.

REP. CAYETANO. To wrap up my interpellation, may I just request the information I asked for later on.

REP. LOCSIN. Yes.

REP. CAYETANO. Mr. Speaker, this Representation feels that if we will have to take that bitter pill, as the Gentleman from Makati City said, it is difficult to speak in metaphors, and I am not saying that the downgrading only happened during the present administration.

REP. LOCSIN. Before that, Mr. Speaker, the information is here, the downgrade from BB plus to BB happened only once in the past three years.

REP. CAYETANO. How many basis points did we lose? Just so we would know that we lost X amount or X billions of pesos, and we can get that back if we get on the right track. As Congressman Escudero said, hindi po kalaban ng oposisyon ang administrasyon. Kakampi po natin ang taumbayan and we will do what we have to do to help this country get back on track.

I have a number of questions left, but since we are going to have a roll call in five minutes, if we have a quorum, if we have enough Members to greet the Majority Leader happy birthday, then I will not ask anymore questions, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, a while ago the recognition of the Gentleman from Negros Oriental for interpellation was deferred for one reason or another.

This time, Mr. Speaker, I move that we recognize the Gentleman from Negros Oriental for a very short interpellation.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from Negros Oriental, the Honorable Paras, is recognized anew.

REP. PARAS. Thank you, Mr. Speaker. A short one hour will do, Mr. Speaker.

Of course, I would have been more elated if the Chairman of the Committee on Ways and Means would be the one to answer, but I feel that the honorable Gentleman from Makati City is equally competent.

Mr. Speaker, I am just concerned with the fact that in the Twelfth Congress the then Secretary Isidro Camacho has been very emphatic in one of the deliberations to push indexation of sin taxes, particularly on cigarettes. Although we questioned earlier the rationale of the hearings conducted during the recess, I was not able to articulate this concern and, to my surprise, the new Secretary of Finance has meekly agreed for the removal of the indexation which, according to the report, if I recall during that time, indexation and reclassification could have regenerated a revenue of P27.7 billion. Can the Gentleman tell us why we have agreed to remove this and instead settled for a very small amount when in fact among all taxes that have been proposed by the government, sin taxes should have been the most palatable to our people? And this is very surprising, considering the developments in some meetings. I do not know if secret meetings between certain individuals took place, so that the proposed higher rate suddenly became 20 percent na lamang na ini-impose sa mga cigarette manufacturers, Mr. Speaker. May I have an answer to that, Mr. Speaker.

REP. LOCSIN. The automatic indexation of the sin taxes was removed by us, not by Malacañang, not in any meeting, but by us at the spur of the moment in the Committee on Ways and Means. It was removed upon the suggestion of Congressman Javier, that it would be an improper delegation of power. That is arguable because there is a standard and fixed base which should be the published inflation rate. But I agreed with him and apparently the vast majority of the Committee on Ways and Means agreed with him. I argued because I have never heard of a Congress that likes to surrender its power to tax so readily to the extent that we keep it among ourselves so we can force the government to come to us when they need more taxes.

REP. PARAS. Mr. Speaker, this is surprising also. We are always proud of our powers. We will not surrender. But I was alive and very awake in the wee hours of the morning when we surrendered our powers in approving the Transco bill. So, ano bang nangyayari rito? Nakapagtataka na ang Kongresong ito. We surrender one time, we do not surrender at another time. Now, why should we surrender? Or, let us be Gentlemen. Let us surrender for the sake of getting more revenues if that is the purpose. So, if we surrender only because we want to have that power, but we will lose with the removal of indexation resulting in reduced revenue, what kind of a proposal is this, Mr. Speaker? Because Mr. Camacho—and I think this was reiterated when I attended a hearing of the Committee on Ways and Means—explained that the

Department of Finance was still pushing for this indexation because it will solve the problem of unscrupulous manufacturers and that once and for all it will result in a reform of the taxation system in the cigarette industry, Mr. Speaker.

REP. LOCSIN. With regard to the automatic indexation to future increases in inflation, I do not think it automatically means that because Congress withholds its tax power and keeps it to itself, taxes will go down. In fact, there was someone who stood up earlier who found the three percent rate as much too low. So, after three years, when Congress resumes the power to review this tax, again we may hit them with a bigger tax.

REP. PARAS. So much for that, Mr. Speaker. Anyway, during the period of amendments I will propose the reinstatement of indexation. But I would have asked more questions addressed to the Secretary of Finance, of course, as the sounding board or the sponsor, but I would like to go to the point raised by Congressman Escudero earlier about a meeting held between the President and the captains of the sin product manufacturers in her home. Is this accurate? I am just stating what Congressman Escudero has stated earlier. It was earlier acknowledged. Would the Gentleman acknowledge that there was such a meeting, Mr. Speaker?

REP. LOCSIN. Only what I have read in the newspapers, that it happened and I was told that, in fact, far from being an amicable meeting, at least one of the major players kept insisting on a much lower rate.

REP. PARAS. I thank the Gentleman for his earlier statement, but many must have already agreed. Of course, we have always respected the powers of the President, being the head of this country. But does the Gentleman not think that because of that meeting—when earlier I attended this hearing, we were pushing for a higher tax—it brought out some signals that we will in fact only impose a 20 percent tax because that was supposed to be the agreement in that meeting and thereby usurping the powers of Congress to legislate when it thinks it should be proper to raise revenue, Mr. Speaker?

REP. LOCSIN. Quite the contrary. The rate of 20 percent was fixed before the meeting was held.

REP. PARAS. Really? When was this meeting, by the way?

REP. LOCSIN. I read that in the papers. Mr. Speaker, regardless of that meeting, we have stuck to 20 percent as the figure that was arrived at in consultation between the Committee on Ways and Means and the Department of Finance.

REP. PARAS. When was this arrived at? Because I understand the approval of this bill was only in the morning of October 25, 2004 which was the opening of the session, Mr. Speaker.

So it cannot be possible that the 20 percent has been agreed previously because the voting only occurred when we were still asleep trying to extend our little recess that just passed.

REP. LOCSIN. The proposal of the major players was in fact submitted to the committee a week before. So in that meeting, the committee did not need to be told what the players wanted, in spite of which the Committee on Ways and Means held fast to its figure of 20 percent; that was not influenced. We have not changed it.

REP. PARAS. I do not know if it is ethical, but that is beside the point. But normally, when Congress is hearing certain revenue bills, that is the work of Congress. But when our executive is also doing its own thing which will affect the work of Congress, I do not know how it is called. Anyway, the end result is that we have 20 percent. What is the concept of sin taxes? Can we be told why there is such a thing as sin taxes? Why do we impose this kind of taxes, Mr. Speaker?

REP. LOCSIN. I believe we call them sin taxes because historically, in the beginning, there was a desire to ban them completely. In fact, with the birth of the American cigarette industry, there was an active movement in the US Congress to ban cigarettes. But that is no longer the reality. It is now an accepted industry in the world economy, but the label, "sin taxes," still stuck. And there may be some reasons for that, in the sense that it is something that people can do without like drinking beer, drinking scotch and smoking cigarettes. In fact, if a person indulges too much in these, he will die. To that extent and because it is something that people care for and really want, Congress can afford to tax them harder.

REP. PARAS. I thank the Gentleman for the very good explanation. Imposing sin taxes would mean a deterrent because these products have deleterious effect on the health of our people. Therefore, when we tax corporations, we are also raising revenues and at the same time discouraging the sale of these products.

But with this 20 percent tax, does the Gentleman not think that this will just be absorbed by the company? What we envisioned when we proposed this sin taxes bill was a two-pronged attack. One is to raise revenue, but the most important is to discourage more Filipinos from smoking cigarettes. That is why if indeed we are going to change the tax rates, it would be for the purpose of discouraging the people. But with a 20 percent tax increase, which was not even based on the price but on the existing rate, it will not bring about any change in the number of smokers. Does the Gentleman think the 20 percent tax will be enough discouragement? Once this will be passed on to the smokers, they will no longer buy cigarettes because of the increased price.

But if we analyze the 20 percent tax, it does not have a dent on the prices of cigarettes. So, we are only raising a small revenue as what has been contemplated, which was P27 billion or P14 billion, because there must have been some—according to Congressman Barbers—considerations.

REP. LOCSIN. No, Mr. Speaker. Frankly, I am even more suspicious than anyone in this House. And I can tell the strength of the major players. They cannot be pressured. And I do not think they gave any consideration.

The purpose of the measure is to raise revenue. The idea of taxing a particular product to death, especially tobacco, died in the 19th century. I think even if we try to do it under the World Trade Organization-General Agreement on Tariffs and Trade (WTO-GATT), we will not be able to do it.

Mr. Speaker, in my own district, we succeeded in stopping smoking by shutting down any business that dares to entertain smoking in its premises. That is certainly the way to do it.

REP. PARAS. I hope the BIR Commissioner and the Secretary of Finance are as brave as our very able Gentleman from Makati City, but not that very brave for I am very, very concerned about this 20 percent tax imposition.

Mr. Speaker, I already see the signal of the Deputy Speaker asking me to give way. But they say we will give up today and we will be back another day, so to speak. And, Mr. Speaker, may I just say that this is not the last time I will stand up because in the period of interpellations, I think my friends in the minority will go with me in proposing a higher rate of tax. Besides, I know for a fact that the Senate, as proposed by the good Senator Enrile, has imposed a very high tax rate and the House might as well impose a higher tax rate so we will not have problems during the bicameral conference committee meeting.

May I just end my interpellation with the statement that I hope Congress will listen also to the Department of Finance as it had earlier proposed a measure that would raise more revenues. After all, with all the taxes that have been proposed, this particular tax would be the most palatable because I do not think the Members, if I share their views, would want to impose any other tax that would provide more burden to our people who are already heavily taxed, Mr. Speaker.

So, thank you and good evening.

REP. CHIPECO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Chipeco is recognized.

REP. CHIPECO. Mr. Speaker, a manifestation was made by the honorable Congressman from Bukidnon that after five minutes there will be a roll call. It has

been more than five minutes and we have not yet called the roll, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). We are just waiting for the Gentleman from Negros Oriental to terminate his interpellation.

The Dep. Majority Leader is recognized.

REP. CASTRO. Mr. Speaker, I move that we call the roll.

ROLL CALL

THE DEPUTY SPEAKER (Rep. Del Mar). The Secretary General will please call the roll.

THE SECRETARY GENERAL, *reading*:

Abad	Present	Apostol	Present
Abalos	Present	Aquino, Agapito A.	Present
Abante		Aquino, Benigno S. III	Present
Abaya	Present	Aquino, Dr. Rey B.	Present
Abayon	Present	Arbison	
Ablan	Present	Arroyo	Present
Abubakar	Present	Asistio	Present
Acosta		Bacani	Present*
Agarao	Present	Baculio	Present
Agbayani	Present	Badelles	Present
Aguja	Present	Banaag	Present
Albano	Present*	Barbers	Present
Alcala	Present*	Barinaga	Present
Alfelor	Present	Baterina	Present
Almario	Present	Bautista	Present
Alvarez, Antonio C.	Present	Beltran	Present
Alvarez, Genaro		Bersamin	Present
Rafael III K.	Present	Biazon	Present
Amante	Present*	Biron	Present*
Amatong	Present	Bondoc	Present*
Amin	Present	Bravo	Present
Andaya	Present	Bueser	Present
Angara	Present	Bulut	Present
Antonino	Present	Cabilao	Present
Antonino-Custodio	Present*	Cagas	Present

*Appeared before/after the roll call

Cajes	Present	Dy, Faustino	
Cari		“Bojie” III G.	Present
Carlos	Present	Ecleo	Present
Carmona	Present	Ermita-Buhain	Present
Casiño	Present	Escudero	Present
Castelo Daza	Present	Espina	Present
Castro	Present	Espino	Present
Cayetano	Present*	Espinosa, Edgar T.	
Celeste	Present	Espinosa, Emilio Jr. R.	Present
Cerilles	Present	Estrella	Present*
Chatto	Present	Fabian	
Chiongbian		Falcon	Present
Chipeco	Present	Figuroa	Present
Chungalao	Present	Firmalo	Present
Clarete	Present*	Floirendo	Present*
Codilla	Present	Fua	Present
Cojuangco, Carlos O.		Fuentebella	Present
Cojuangco, Mark O.	Present	Garcia, Albert S.	Present
Crisologo	Present	Garcia, Vincent J.	Present*
Cua, Guillermo P.	Present	Garin	Present
Cua, Junie E.	Present*	Gidaya	Present
Cuenco	Present	Golez	Present
Dadivas	Present	Gonzalez	Present
Dangwa	Present	Gozos	
Datumanong	Present	Guingona	Present
De Guzman	Present	Gullas	Present
De Venecia	Present	Hataman	Present
Defensor, Arthur D.	Present	Hizon	Present
Defensor, Matias Jr. V.	Present	Hontiveros-Baraquel	Present
Del Mar	Present	Imperial	
Diaz	Present	Ipong	Present
Dilangalen	Present	Jala	Present
Dimaporo		Jalosjos	Present
Dominguez	Present	Jalosjos-Carreon	Present
Domogan	Present	Jaraula	
Duavit	Present	Javier	
Dumarpa	Present	Jaworski	Present
Dumpit		Joaquin	Present
Durano		Joson	
Dy, Consuelo A.	Present*	Kintanar	Present

*Appeared before/after the roll call

Lacson	Present	Ortega	Present
Lagbas	Present	Pablo	Present
Lagman	Present	Pancho	Present*
Lapus	Present	Paras	Present*
Libanan	Present*	Petilla	
Locsin	Present	Pichay	Present
Lopez, Jaime C.	Present	Pingoy	
Lopez, Ruy Elias C.	Present*	Plaza	Present*
Macapagal Arroyo	Present	Ponce Enrile	
Macarambon	Present	Puentevella	Present
Macias	Present	Puno	
Madamba	Present	Ramiro	Present
Magsaysay, Eulogio		Real	Present*
“Amang” R.	Present	Remulla, Gilbert C.	Present
Magsaysay, Ma. Milagros		Remulla, Jesus Crispin C.	Present
“Mitos” H.	Present	Reyes, Edmund Jr. O.	Present
Magtubo	Present	Reyes, Victoria Hernandez	Present
Malanyaon	Present	Rodriguez	Present*
Malapitan	Present	Roces	Present
Mamba	Present	Roman	Present
Mandanas	Present	Romualdo	Present
Mangudadatu	Present*	Roquero	Present
Marañon	Present	Rosales	Present
Marcoleta	Present	Salapuddin	Present*
Marcos	Present*	Salceda	
Mariano	Present	Sandoval	Present
Martinez	Present	Santiago	Present
Maza	Present	Seachon-Lanete	Present
Mercado	Present	Señeres	Present
Miraflores	Present	Serapio	Present
Miranda	Present	Silverio	Present*
Mitra	Present*	Singson	Present
Nantes	Present*	Solis	Present*
Nepomuceno	Present	Soon-Ruiz	Present
Nicolas		Suarez	Present
Nieva	Present	Sumulong	
Noel	Present	Suplico	Present
Nograles	Present	Susano	Present
Ocampo	Present	Sy-Alvarado	Present
Olaño	Present	Syjuco	Present

*Appeared before/after the roll call

Taliño-Santos	Present*	Veloso	Present
Tañada	Present	Vicencio	Present
Teodoro		Villafuerte	Present*
Teves		Villanueva	
Tomawis	Present	Villar	Present*
Tulagan	Present	Villarosa	Present
Umali, Alfonso Jr. V.	Present*	Violago	
Umali, Aurelio M.	Present*	Virador	Present
Unico	Present	Wacnang	Present
Uy, Edwin C.	Present	Yapha	
Uy, Reynaldo S.	Present*	Zamora, Manuel	
Valdez	Present	“Way Kurat” E.	
Valencia	Present*	Zamora, Ronaldo B.	
Vargas	Present	Zialcita	Present
Velarde	Present*	Zubiri	Present

The House is in receipt of official advice of absence of the following Members: Representatives Dimaporo, Dumpit, Fabian, Gozos, Imperial, Jaraula, Nicolas, Ponce Enrile, Puno, Sumulong, Violago, Zamora (M.) and Zamora (R.).

Representatives Durano, Pingoy, Salceda, Teodoro, Teves and Villanueva are on official mission within the country.

Representatives Abante, Acosta, Arbison, Cari, Chiongbian, Cojuangco (C.), Espinosa (E.T.), Javier, Joson, Petilla and Yapha are on official mission abroad.

The Speaker is present.

The roll call shows 169 Members responded to the call.

THE DEPUTY SPEAKER (Rep. Del Mar). With 169 Members responding to the call, the Chair declares the presence of a quorum.

REP. BARBERS. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Barbers is recognized.

REP. BARBERS. May I appeal to the Dep. Majority Leader that this Representation be given ample time to ask questions and further clarifications on the proposed House bill, Mr. Speaker.

SUSPENSION OF SESSION

REP. CASTRO. May I request a suspension of session, Mr. Speaker.

*Appeared before/after the roll call

THE DEPUTY SPEAKER (Rep. Del Mar). The session is suspended.

It was 10:25 p.m.

RESUMPTION OF SESSION

At 10:27 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is resumed.
The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Mr. Speaker, I move that the distinguished Gentleman from Surigao del Norte, the honorable Chairman of the Committee on Accounts, be recognized.

REP. PICHAY. Mr. Speaker.

REP. SOLIS. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from the Second District of Surigao del Norte is recognized.

REP. PICHAY. Mr. Speaker, is it Zamboanga del Norte?

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair is recognizing the Honorable Barbers.

REP. BARBERS. Thank you, Mr. Speaker.

I would have given the opportunity to a senior Member, senior in age, Mr. Speaker, but just the same, thank you.

With the consultation that was done in the lull, this Representation would just like to reserve his right to propose the necessary amendments during the period of amendments, Mr. Speaker. And along that line, this Representation would likewise take the opportunity to state several manifestations if the Chair and the Chamber will not mind.

That is all, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). Thank you. Now the Gentleman from Surigao del Sur, the Honorable Pichay, is recognized.

REP. PICHAY. Thank you, Mr. Speaker.

I think we have heard a lot of interpellations, Mr. Speaker, so I move to terminate the period of interpellations.

REP. SOLIS. Mr. Speaker, I agree with Congressman Pichay.

REP. PICHAY. We have talked about this for the past four hours.

REP. MACAPAGAL ARROYO. Mr. Speaker.

REP. ANTONINO-CUSTODIO. Mr. Speaker.

REP. CHIPECO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Arroyo is recognized.

REP. SOLIS. I second the motion.

REP. ANTONINO-CUSTODIO. Mr. Speaker.

REP. CHIPECO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Chipeco is recognized.

REP. CHIPECO. Mr. Speaker, I believe it is not right for the Dep. Majority Leader to terminate the period of interpellations. We should give the minority Members a chance to interpellate. This is a very important bill, Mr. Speaker. I believe a lot of the Members of the Committee on Ways and Means have not even attended the committee meetings during the break and now we are terminating the period of interpellations, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman's manifestation is duly noted.

REP. CHIPECO. So, Mr. Speaker, I will stick to that motion.

REP. ANTONINO-CUSTODIO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). Duly noted. The lady Representative, the Honorable Antonio-Custodio, is recognized.

REP. SOLIS. Mr. Speaker, parliamentary inquiry.

THE DEPUTY SPEAKER (Rep. Del Mar). What is the Gentleman's parliamentary inquiry?

REP. SOLIS. Mr. Speaker, there was a motion which was duly seconded.

REP. ANTONINO-CUSTODIO. Mr. Speaker, mine is a manifestation and I was recognized.

REP. CHIPECO. I tried to object, Mr. Speaker.

REP. SOLIS. Mr. Speaker, then it can be objected to.

SUSPENSION OF SESSION

REP. DEFENSOR (A.). Mr. Speaker, may I move for a one-minute suspension of session.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is suspended.

It was 10:30 p.m.

RESUMPTION OF SESSION

At 10:31 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is resumed.

The Chair recognizes the Honorable Antonino-Custodio before the Chair will act on the motion.

REP. ANTONINO-CUSTODIO. Mr. Speaker, I believe that the Committee on Appropriations has just terminated the budget hearing of the Department of Transportation and Communications (DOTC) and that was where this humble Representation was. We monitored what was happening on the floor and I was under the impression that there was still a chance to interpellate, and I really want to. I hope that the majority will not stifle the minority to ask questions for clarification on the said measure as this is a very important measure, not only on our taxation but also on our fiscal deficit and the improvement of the health of our fellow Filipinos.

REP. DEFENSOR (A.). Mr. Speaker.

REP. SOLIS. Mr. Speaker.

REP. GUINGONA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Lady's manifestation is duly noted.

The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). It is not this Representation who moved for the termination of the debate, although I was about to present a motion to close the debate considering the fact that this is certified as urgent by the President of the Philippines. As to the opportunity to interpellate, no less than 14 Members of the House were given the chance, and the subject matter and the questions have been more than sufficiently discussed.

So, Mr. Speaker, a motion has already been presented and duly seconded.

REP. ANTONINO-CUSTODIO. Mr. Speaker.

REP. GUINGONA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader will be allowed to finish and then the Chair will formally act on the motion made by the Honorable Pichay.

REP. ANTONINO-CUSTODIO. Mr. Speaker.

REP. PICHAY. Mr. Speaker.

REP. SOLIS. Mr. Speaker.

REP. DEFENSOR (A.). Mr. Speaker, considering that the motion is seconded, I move that we divide the House, and we vote on the motion to terminate the interpellation.

REP. SOLIS. I second the motion, Mr. Speaker.

REP. CHIPECO. I object, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). There is a motion made by the Honorable Pichay to terminate the period of sponsorship and debate.

REP. CAYETANO. Mr. Speaker, point of order.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection?

REP. SOLIS. No objection, Mr. Speaker.

REP. CAYETANO. Mr. Speaker, point of order.

THE DEPUTY SPEAKER (Rep. Del Mar). There being an objection, the House will now divide and put the motion to a vote.

REP. CAYETANO. Mr. Speaker, point of order. Under the Rules, we are allowed five minutes to explain our objection.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Cayetano is recognized.

REP. CAYETANO. Thank you, Mr. Speaker. We do not mean to delay the division of the House, Mr. Speaker, but under our Rules, we have a few minutes to explain our objection to try to convince our colleagues in the majority to agree to our objection. So, may we just ask for those extra few minutes to explain.

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman is entitled to that right. He has have five minutes.

REP. CAYETANO. Mr. Speaker, may I give the floor to Congressman Guingona who will make the explanation and the objection for us.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Guingona has five minutes.

REP. GUINGONA. Thank you, Mr. Speaker. Mr. Speaker, everyone is watching us. History will condemn us if we shortchange the truth. This measure, my beloved colleagues, strikes at the very existence of our Republic. All issues must be fully ventilated. Everything must be fully discussed.

Thank you, Mr. Speaker. (*Laughter*)

THE DEPUTY SPEAKER (Rep. Del Mar). The explanation having been terminated...

REP. ANTONINO-CUSTODIO. Mr. Speaker, wala pa pong five minutes.

THE DEPUTY SPEAKER (Rep. Del Mar). Yes, the Lady may avail of the balance of two minutes.

REP. ANTONINO-CUSTODIO. Mr. Speaker, the Dep. Majority Leader mentioned that there were 14 Congressmen who were able to interpellate. However, my objection is that the Representative of the people from General Santos City and

those of other people from the other districts were not heard.

REP. PLAZA. Mr. Speaker.

VIVA VOCE VOTING

THE DEPUTY SPEAKER (Rep. Del Mar). Thank you. And now, we will put the motion to a vote.

As many as are in favor of the motion to terminate the period of sponsorship and debate, please say *aye*.

SEVERAL MEMBERS. *Aye*.

THE DEPUTY SPEAKER (Rep. Del Mar). As many as are against, please say *nay*.

FEW MEMBERS. *Nay*.

THE DEPUTY SPEAKER (Rep. Del Mar). The *ayes* have it; the motion is approved.

REP. DEFENSOR (A.). Mr. Speaker.

REP. PARAS. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from Negros Oriental is recognized.

REP. PARAS. Mr. Speaker, I am confused by the result. It appears that the *nays* had it, Mr. Speaker. (*Laughter*)

We ask a count by tellers, Mr. Speaker.

SUSPENSION OF SESSION

REP. DEFENSOR (A.). Mr. Speaker, may I move for a suspension of session.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is suspended.

It was 10:37 p.m.

RESUMPTION OF SESSION

At 10:39 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is resumed.
The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Mr. Speaker, I move that we open the period of amendments. Considering that there are no committee amendments, I move that we proceed to the period of individual amendments.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection?

REP. SUPPLICO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Suplico is recognized.

REP. SUPPLICO. Mr. Speaker, I think there was a motion for a count by tellers made by the Gentleman from Negros Oriental.

THE DEPUTY SPEAKER (Rep. Del Mar). But the motion was not pursued.

REP. DEFENSOR (A.). There was no motion, Mr. Speaker.

REP. SUPPLICO. I understand there was a motion made by Congressman Paras, Mr. Speaker.

REP. DEFENSOR (A.). No, there was no motion considered.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair was under the impression that the Honorable Paras did not pursue the motion for a count by tellers.

REP. SUPPLICO. I think Congressman Paras was serious when he made that motion, Mr. Speaker. He was not joking.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair did not say that he was joking, but that he did not pursue his motion.

REP. SUPPLICO. In that event, Mr. Speaker, may I reiterate his motion for him.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from Iloilo is yielding for a count by tellers.

REP. SUPPLICO. That is correct, Mr. Speaker.

COUNT BY TELLERS

THE DEPUTY SPEAKER (Rep. Del Mar). We will proceed to a count by tellers and will the Members please take their seats?

Those in favor of the motion to terminate the period of sponsorship and debate will please rise. (*Several Members rose.*)

May I request the Honorable Pichay to make a count. (*Laughter*) I know it is obvious, but we just want to put it on record.

REP. VILLAFUERTE. Mr. Speaker, parliamentary inquiry.

REP. DEFENSOR (A.). No, the Gentleman cannot raise a parliamentary inquiry.

REP. VILLAFUERTE. Are we assured that Congressman Pichay does know how to count?

THE DEPUTY SPEAKER (Rep. Del Mar). We will recognize the honorable Gentleman from Camarines Sur after the vote.

REP. VILLAFUERTE. All right, Mr. Speaker.

REP. PICHAY. There were 130 Members who rose in favor of the motion, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). Those against the motion will please rise. (*Few Members rose.*)

The Chair requests the Honorable Puentevella to count the negative votes.

REP. PUENTEVELLA. Mr. Speaker, 23 Members rose against the motion.

THE DEPUTY SPEAKER (Rep. Del Mar). With 130 votes in favor and 23 votes against, the motion is approved.

REP. PARAS. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from Negros Oriental is recognized.

REP. PARAS. Mr. Speaker, congratulations, but I would like to make a manifestation.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman may proceed.

REP. PARAS. Mr. Speaker, the majority who just won in the voting had done injustice to the country because even if a lot of us here would have voted for the bill, it would not raise more revenues for the government. What we would have wanted is a higher rate of taxes because we want to help the government achieve a bigger revenue, but there was a failure on the part of the committee to impose higher taxes. So, that is my manifestation. But we will continue with our fight to raise more revenues during the period of amendments because we will amend the rate of taxes that was imposed in this hurried up bill, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The manifestation of the Gentleman from Negros Oriental is noted.

REP. ANTONINO-CUSTODIO. Parliamentary inquiry, Mr. Speaker. I heard that 130 Members voted for the termination of the period of sponsorship and debate of the bill and 23 voted against, but 169 Members responded to the roll call. Am I to understand that the difference or the balance has abstained?

THE DEPUTY SPEAKER (Rep. Del Mar). That would be the explanation for the situation.

REP. ESCUDERO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The honorable Minority Leader is recognized.

REP. ESCUDERO. Did I hear it correctly that 130 Members stood up? I heard the Honorable Pichay say 110 Members stood up.

REP. DEFENSOR (A.). Mr. Speaker, Representative Pichay is there. May we kindly request him to announce the result again.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair heard distinctly Honorable Pichay say 130.

REP. ESCUDERO. Mr. Speaker, may we ask the Honorable Pichay, because I was beside him when he shouted "110."

THE DEPUTY SPEAKER (Rep. Del Mar). So, the Honorable Pichay confirms that he said 130.

REP. MACAPAGAL ARROYO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman from Pampanga, the Honorable Macapagal Arroyo, is recognized.

REP. MACAPAGAL ARROYO. Mr. Speaker, I think it is clear that the vote of the majority has it. Please, let us not fault Congressman Pichay. Maybe he does not count properly, but he can multiply better than anyone else here.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair thanks the Gentleman's observation.

REP. ESCUDERO. Mr. Speaker, just a manifestation.

THE DEPUTY SPEAKER (Rep. Del Mar). The Minority Leader is recognized.

REP. ESCUDERO. While we would like to praise the Honorable Pichay for his ability in mathematics, Mr. Speaker, it seems he is simply continuing the tradition of excellence in math of the incumbent administration.

THE DEPUTY SPEAKER (Rep. Del Mar). The commendation for the Honorable Pichay is duly noted.

The Dep. Majority Leader is recognized.

REP. DEFENSOR (A). Mr. Speaker, since there are no committee amendments and nobody has registered to propose individual amendments, I move that we close the period of amendments.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The period of amendments is hereby terminated.

REP. BARBERS. Mr. Speaker.

REP. AGUJA. Objection, Mr. Speaker. We would like to introduce some individual amendments.

THE DEPUTY SPEAKER (Rep. Del Mar). There is an objection from the Honorable Aguja.

REP. BARBERS. Mr. Speaker, I am not posing any objection. This is just a manifestation, if I may be allowed to speak even for at least 30 seconds, Mr. Speaker.

REP. AGUJA. I object, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). Order, please.

REP. DEFENSOR (A.) . Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Barbers is recognized for his manifestation.

REP. BARBERS. Thank you, Mr. Speaker.

This is not an objection, Mr. Speaker, but let me just manifest that during the period of interpellations on this proposed House bill, the discussion was focused mainly on cigarette taxes.

We have probably overlooked that even in alcohol, which is a provision of this bill, there was also a decrease in terms of tax rates.

So, Mr. Speaker, this is just an observation which I would have wanted to ask if given a chance to interpellate. However, since the majority has ruled already on the basis of the motion filed by the Dep. Majority Leader earlier, I am in support of the motion of the majority and, therefore, ask this Body to just take note of my manifestation. That is all, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman's manifestation is duly noted.

REP. ROSALES. Mr. Speaker.

REP. CAYETANO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Lady Representative from Akbayan is recognized.

REP. ROSALES. Yes, I would like to make a brief manifestation.

THE DEPUTY SPEAKER (Rep. Del Mar). The Lady will please proceed.

REP. ROSALES. I really find it unfortunate that we are rushing this bill when there is so much time for interpellation. If it has to take us the whole night, then let it take us the whole night. But it is important that each Member be given the time and space to ask clarificatory questions so that when we go back to our constituents we will be able to explain this measure to them.

I have been consulting the members of the Ways and Means Committee to understand the bill better, and they have been explaining it. So, the efforts on the part of the minority and some members of the majority to ask for interpellation should have been given time. Unfortunately, they have voted on it.

As far as specific individual amendments are concerned, Mr. Speaker, let us give enough time for each of us to come up with our amendments.

Thank you.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair thanks the Lady's observations.

REP. CAYETANO. Mr. Speaker, just a manifestation.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Cayetano is recognized.

REP. CAYETANO. Mr. Speaker, I am just requesting the honorable Members of this House to "slow down the train a little bit." The "railroading" is too fast, Mr. Speaker. Like the Honorable Paras who already manifested that he will propose an amendment, this Representation also wishes to propose an amendment. We will try to speed up also our proposals. If the majority does not like to accept these amendments, we will have to follow the rule of the majority. But at least allow us to propose said amendments because we were not allowed to do so in the committee level, Mr. Speaker.

Thank you very much.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman's manifestation is well taken.

REP. PLAZA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Plaza is recognized.

REP. PLAZA. Just a manifestation, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman will please proceed.

REP. PLAZA. I just want to give my observation, Mr. Speaker. It seems that the proceedings were railroaded or trained by the majority.

Mr. Speaker, let it not be said that the intention of the minority is to block the passage of this bill. But let me just state that this bill is very important for the survival of our country. It seems that the issue at hand, the bill, is a little complicated and we do not want a shortfall in tax revenue. What the minority wants is to help the administration of President Gloria Macapagal-Arroyo raise the revenue to get this country out of fiscal crisis. Nevertheless, it seems that the intention of the majority is to usurp the interest of the manufacturers of sin products.

Mr. Speaker, the majority seems to be playing “~~moro-moro~~”—pagbigyan, at the end of the day, ang mga manufacturers. Ang gusto po natin ay mapagbigyan at mapagsilbihan ang taumbayan. Iyon po ang gusto sanang mangyari ng minority. But nonetheless, we were overruled. As a matter of fact, even during the recess, they held illegal committee hearings, yet we, the minority, were never heard. So, what is the intention, Mr. Speaker?

That is all I want to manifest.

REP. MIRANDA. Mr. Speaker.

REP. ANTONINO-CUSTODIO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Miranda is recognized, after which the Honorable Antonino-Custodio will be next.

REP. MIRANDA. Thank you very much, Mr. Speaker. After taking into consideration the manifestations made by our colleagues in the minority, I understand a motion was made a while ago by the Dep. Majority Leader to close the period of amendments, and it was seconded. But I heard no objection, Mr. Speaker.

REP. SANTIAGO. I objected, Mr. Speaker. We objected to that motion, Mr. Speaker.

REP. DEFENSOR (A.). Mr. Speaker.

REP. MIRANDA. What I understand, Mr. Speaker, is that the Chair should resolve the motion and maybe we could proceed with a division of the House.

I so move for a division of the House.

REP. ANTONINO-CUSTODIO. Mr. Speaker, I believe I was recognized by the Deputy Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair will clarify the parliamentary situation after hearing the manifestation of the Honorable Antonino-Custodio.

REP. MIRANDA. I will yield, Mr. Speaker, if it is only after the Honorable Antonino-Custodio. After that, we refer to the parliamentary status and resolve the earlier motion.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Antonino-Custodio is recognized.

REP. ANTONINO-CUSTODIO. Mr. Speaker, this bill was railroaded even during the committee hearings. The meeting of the Committee on Rules was at two o'clock. Nagbigay ng kopya ng committee report ang Ways and Means Committee at four o'clock. In the Rules Committee, again, the minority was outvoted in referring this bill to the plenary.

Mr. Speaker, there was an assurance by the Majority Leader that they will hear us during the plenary debates because, again, a lot of our colleagues were not able to hear questions regarding this bill which is very important. Ngayon po eh mukhang hindi na po tinutupad ang usapan na pagde-debatehan nang maayos ang mga probisyon ng panukalang batas na ito. And even the individual amendments will not be accepted right now. I have not heard the minority Members who wanted to actually propose amendments. Tumayo po ang ating Chairman of Accounts, ang mga iba't ibang Representante ng Party-List and I hope that these individual amendments will be heard by the committee Chairman. He may or may not accept these amendments. That is his prerogative. But at least hear them out. Nandirito po tayo para makipag-debate at gumawa ng batas na ikagaganda ng ating bansa. Wala po tayo rito para tumango lang sa ilan. For the record, Mr. Speaker, only 21 members of the Committee on Ways and Means voted to submit Committee Report No. 60 on House Bill No. 3174 for plenary deliberations. So, do we say now that the 21 members have all the wisdom of the House, that the individual amendments will not even be accepted? Mr. Speaker, I hope that the House will listen.

Thank you, Mr. Speaker.

REP. BATERINA. Mr. Speaker, parliamentary inquiry.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair will be allowed to clarify the parliamentary situation.

REP. BATERINA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair approved the motion of the Dep. Majority Leader to close the period of amendments. After the Chair acted and approved that motion, there was an objection made by the Honorable Aguja. So, that is the situation. The objection came after the approval of the motion by the Chair.

REP. ESCUDERO. Mr. Speaker.

REP. BATERINA. Parliamentary inquiry, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). What is the parliamentary inquiry of the Gentleman from Ilocos Sur?.

REP. BATERINA. Mr. Speaker, for several times, the Chair recognized some of our colleagues to make their own manifestations. And hearing the manifestations, we found out that they are the subject of a motion for reconsideration. Mr. Speaker, where in the Rules do we find the manifestations to be in order? I am asking the Chair whether it is in order to recognize a Member on a manifestation that partakes the nature of a motion for reconsideration. This is out of order, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair is liberal on recognizing Members who wish to speak.

So, the manifestations are entertained by the Chair.

REP. ESCUDERO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). No motion for reconsideration has been made. But the Chair has already clarified the situation and now recognizes the Dep. Majority Leader.

REP. ESCUDERO. Mr. Speaker, point of order.

THE DEPUTY SPEAKER (Rep. Del Mar). The Minority Leader is recognized.

REP. ESCUDERO. Mr. Speaker, the point of order is that the transcripts of proceedings will bear me out that a timely objection was made to the motion duly seconded to terminate the period of committee and individual amendments. In fact, that was precisely the point raised, if I am not mistaken, by the Honorable Miranda prior to the recognition of the Honorable Antonino-Custodio by the Chair. So, I do not think it is proper for the Chair to state that that has been settled already. We objected to the closure of the period of the amendments, Mr. Speaker.

REP. BATERINA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). That was the situation, but as pointed out by the Gentleman from Ilocos Sur, the Honorable Bateria, the Gentleman has a recourse to ask for a reconsideration, if he wishes to.

REP. ESCUDERO. Mr. Speaker, there is no need to file a reconsideration because, as I said, the records will bear us out.

We objected to the motion and the Chair did not make a ruling based on the fact that no objection was made. If at all, Mr. Speaker, the proper procedure that this Body should adopt would be to divide the House because a timely objection was made.

REP. ABAYON. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized first.

REP. ABAYON. Mr. Speaker, just to make the records straight, we do not agree on the statement that the majority railroaded this bill.

As a matter of fact, Mr. Speaker, we conducted a lot of public hearings in the Committee on Ways and Means and there was always a quorum. As to the issue of holding public hearings while Congress was on recess, the fact remains that there was an authority from the Committee on Rules for the Committee on Ways and Means to conduct public hearings while Congress was on recess. Although we do not have a specific provision in the Rules regarding the holding of committee hearings while we are on recess, the fact remains that we have a parallel provision under Section 35 of the Rules of the Twelfth Congress which we adopted. So, with that, Mr. Speaker, it is very clear that there was no railroading of this bill. As to the approval of the termination of the period of amendments, Mr. Speaker, the records will bear us out that a ruling from the Chair to that effect has already been made.

Thank you, Mr. Speaker.

REP. MIRANDA. Mr. Speaker.

REP. ZUBIRI. Mr. Speaker, the Congressman from Bukidnon.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Miranda is recognized.

REP. MIRANDA. Thank you very much, Mr. Speaker.

I concur with the observation of Honorable Escudero and now I reiterate my earlier motion that we divide the House because a timely objection was posed a while ago.

SUSPENSION OF SESSION

REP. ABAYON. I move for a suspension of session, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is suspended.

It was 11:02 p.m.

RESUMPTION OF SESSION

At 11:04 p.m. the session was resumed.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is resumed.

The Chair will make a statement. There seems to be a disagreement as to the timeliness of the objection made on the motion to terminate the period of amendments. Now, the Chair suggests that it will amount to the same thing anyway. If there will be an appeal from the ruling of the Chair approving the motion, then we will divide the House and vote on the appeal. That will amount to the same thing, as if the objection was timely. We would still vote on the same matter anyway. So it will result in the same effect, whether we will reopen the period of amendments.

So, the Chair suggests that for those who feel that the objection was timely, that they will appeal from the ruling of the Chair, then we will vote on that appeal. And if that appeal wins, we will reopen the period of amendments. But if it loses, then the period of amendments is considered closed.

REP. CAYETANO. Mr. Speaker, point of order.

REP. ZUBIRI. Mr. Speaker.

REP. CAYETANO. Point of order, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair would like to recognize the Dep. Minority Leader.

REP. CAYETANO. Mr. Speaker, we understand the statement of the Chair and my sympathies are with the statement. However, let me just explain that the point that we are objecting to is that under the Rules, there can be no motion to close the period of amendments when a Member has already manifested that he will propose an amendment.

Mr. Speaker, Section 55 of the Rules of the House states, and I quote:

Amendments. – After the close of debate, the House shall proceed to the consideration of committee amendments subject to the five-minute rule. A Member who desires to speak against a committee amendment shall have five (5) minutes. After the consideration of committee amendments, individual amendments shall be in order and shall likewise be subject to the five-minute rule. The five-minute rule shall also apply in the consideration of an amendment to an amendment, or an amendment by substitution.

Mr. Speaker, assuming that no committee amendments had been approved, the Majority Leader or any member of the majority cannot move to terminate the period of amendments because someone already made a manifestation. That is why I believe there was a miscommunication here because the Dep. Majority Leader said, “Because there are no individual amendments, I move.” But there was a manifestation for an individual amendment.

That is why, Mr. Speaker, we just do not want to be technically in estoppel by

moving for a reconsideration because that will mean we agree that the majority can close the period of amendments. So, may we suggest, with respect to the Chair, that the Majority Leader make the correction that if the committee does not have any amendments, if we can go and we will commit, Mr. Speaker, we will stick to the Rules.

REP. DEFENSOR (A.). Mr. Speaker.

REP. CAYETANO. We will propose individual amendments, then we will finish this as quickly as we can, Mr. Speaker.

Thank you.

REP. ZUBIRI. Mr. Speaker.

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader will reply.

REP. DEFENSOR (A.). To set the records straight, this Representation has presented a motion to close the period of committee and individual amendments and the Chair has ruled to close the period of amendments.

The manifestation of the distinguished Gentleman from Surigao del Norte was made after the Chair has ruled. But it was not to introduce an amendment but only to make a manifestation.

So, for the record, the Chair has already ruled that the period of amendments has been closed. An objection has been raised. So, from there, may I know if the distinguished Congressman Aguja—I understand it was he who raised an objection—is reiterating that objection because I will ask for a division of the House.

REP. CAYETANO. Mr. Speaker, if that is the case, let us get rid of this Rules of the House we just approved because we do not follow its provisions. Nakalagay po sa Rules na we close first the period of committee amendments and then proceed to individual amendments and not lump them both in one motion. E di isang motion na lang. “We move to approve this whole bill with nothing else.”

REP. DEFENSOR (A.). No, Mr. Speaker.

REP. CAYETANO. Bakit po tinatagpi-tagpi pa natin? We just want the Body to listen to our amendments. If the majority do not want the amendments, they should not accept them. But for us to not even propose an amendment ...

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). When we presented that motion, it started from the assumption—and which was stated very clearly—that there was no committee amendment. Since there was no committee amendment, this Representation moved for the closure of the period of individual amendments.

REP. ESCUDERO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Minority Leader is recognized.

REP. ESCUDERO. Before we proceed to divide the House, may I be given time to explain the position of the minority.

REP. ZUBIRI. Mr. Speaker, I have been waiting in this podium the whole night asking to be recognized. May I be recognized, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). That is correct. If the Minority Leader will just wait a while.

REP. ESCUDERO. I yield to the Honorable Zubiri, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Zubiri is recognized.

REP. DEFENSOR (A.). Mr. Speaker, I move for a five-minute suspension of session.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Zubiri is recognized after which we will suspend the session.

REP. ZUBIRI. Mr. Speaker, I thank the Chair for recognizing me. My appeal is only to our colleagues. It saddens me that we already cut short the period of interpellations and now we will skip the period of individual amendments. This is my third term in the House of Representatives, Mr. Speaker, and this is the first time that this has happened, although an incident happened in the Twelfth Congress when the minority walked out during the budget deliberations. But, Mr. Speaker, now we are all here. If I am in favor of this bill, I will vote in favor of this bill. But if we do not agree to the individual amendments, then let us vote them down. But let us not cut the process. This is a deliberative Body. I am sickened and frustrated lest we be called a “kangaroo court” by the people outside and by the minority. Let us allow our Members to give their individual amendments. It will only take a few hours. We were here,

prepared to stay here till two in the morning, Mr. Speaker. What happened to this Body, Mr. Speaker? I rest my case and therefore I go with the motion to object to the closure of the period of individual amendments.

REP. ESCUDERO. Mr. Speaker.

SUSPENSION OF SESSION

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman's manifestation is duly noted.

The session is suspended.

It was 11:12 p.m.

RESUMPTION OF SESSION

At 11:35 p.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is resumed.

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). I move that the distinguished Minority Leader be recognized.

THE DEPUTY SPEAKER (Rep. Del Mar). The Minority Leader is recognized.

REP. ESCUDERO. Mr. Speaker, I understand that our parliamentary status is that a motion was made to terminate the period of individual amendments and the same was duly objected to, and this Representation rose to be given time to explain the position of the minority before a division of the House is made. May I be given that time now, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Minority Leader will please proceed.

REP. ESCUDERO. Thank you, Mr. Speaker. Ang pagbobotohan po natin ay kung isasara ang period of individual amendments. Kanina po, nagbotohan na tayo para isara iyong period of committee amendments.

It is a truism in a republican system of government and especially in a democracy that there shall be no taxation without representation. Napaka-basic at elementary po noon para makaligtaan o makalimutan nating lahat dito.

Alalahanin po natin ang kasaysayan ng bill na ito. Nag-hearing habang nagre-recess. Hindi po nakadalo ang karamihan ng miyembro ng Committee ng Ways and Means dahil binigyan man sila ng notisya, sila po ay nasa kani-kanilang lugar. Nag-hearing nang ilang ulit habang nagre-recess. Kinuwestiyon po namin ngunit hindi kami pinakinggan. Nag-hearing sa Committee on Rules. Kulang din po ang tao pero pinahintulutan pa rin. Pinahintulutan po kaming mag-interpellate. Akala namin ay buong laya kaming maririnig ng aming mga constituents sa plenaryong ito, ngunit hindi pa rin po kami pinagbigyan. Sa pamamagitan na lamang ng amendments na malamang sa malamang hindi naman pakikinggan o hindi rin papaboran ng komite, pati po iyon ay tila ipinagkakait pa rin sa amin.

Mr. Speaker, distinguished colleagues, it was well published in the newspapers that the President met with the manufacturers of these sin products and our basic question in that meeting was: When the President bent over backwards and went out of her way to meet with these manufacturers, nasaan naman po iyong kanyang oras at pagkakataong ibinigay sa ating mga kababayan sa pamamagitan man lamang ng kanilang mga Kinatawan? Mr. Speaker, Juan de la Cruz was neither represented nor heard in that meeting. And we are yet about to impose a tax on a product that is being used, at 87 percent po ng mga consumers ng bubuwisan natin ay nasa classes D and E. Sa ibang salita po, bisyo man iyong binubuwisan natin, ang tatamaan po niyan ay iyong mga mahihirap. At sana po, maski sa pamamagitan ng amendments man lang, marinig po ang boses ng aming constituents, marinig man lang po si Juan de la Cruz sa plenaryong ito.

Mr. Speaker, distinguished colleagues, the President cannot claim that she stood as the representative of Juan de la Cruz in that meeting because when she ran she never said that she would be imposing these taxes on the Filipino people. So I urge, I ask, I beg our colleagues to kindly allow us this latitude insofar as proposing amendments is concerned.

Mr. Speaker, we object to the proposed motion to close the period of individual amendments.

REP. CAYETANO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Cayetano is recognized.

REP. CAYETANO. Mr. Speaker, let me coin a new oxymoron. If we were allowed to state our individual amendments, they would have been recorded in the bicameral conference committee that Congress is not unanimous on the bill prepared by the committee, rather, there is unanimous division among the different groups and

Members of this House. This means that some Members prefer either the ad valorem or specific tax or higher/lower tax rate. We wanted that sentiment echoed in the records of Congress, and that can be recorded by individual amendments. Then if we have to go into voting, the majority or the committee will explain and the minority or the Members proposing such amendments will also explain, then we will respect the voting.

I would just like to give this example. According to certain studies, of the almost P20 billion collected from the P50 billion tobacco industry, we are losing 20 percent to smuggled cigarettes coming into the country including tax-free cigarettes being sold by the duty-free shops. Many countries have already prohibited duty-free selling of tobacco products.

I was simply going to propose to the committee to include a provision to prohibit duty-free selling of tobacco. If we were to close the gap of 20 percent smuggled and duty-free cigarettes, we would have produced another 20 percent, another P4 billion, almost the same amount as this 20 percent increase. But let us say that only half was met—10 percent instead of 20 percent. Another P2 billion would have been made. I think this favors the administration in our drive for more revenues. Iyon lang po ang proposal. Kung ayaw po sana ng committee, ayos lang po. Pero medyo masama po ang aming loob na sa kaarawan ng ating Majority Leader, ilang minuto na lang po, tapos na dapat tayo sa mga amendments na ito kung pinayagan po kami at iyon po sana ang regalo namin sa Majority Leader—na matapos tayo bago mag-alas-dose. Baka naman puwedeng iregalo sa akin ang makapag-propose ng amendment dahil birthday na mamaya ng Majority Leader.

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair reiterates its ruling that the Body had already approved the motion made by the Dep. Majority Leader to close the period of individual and committee amendments and treats the objection made by the minority as an appeal from the ruling of the Chair so that the House will now divide and vote on whether the period of individual amendments will be closed or reopened.

VIVA VOCE VOTING

THE DEPUTY SPEAKER (Rep. Del Mar). As many as are in favor of the motion to close the period of individual amendments, please say *aye*.

SEVERAL MEMBERS. *Aye*.

THE DEPUTY SPEAKER (Rep. Del Mar). As many as are against, please say *nay*.

SEVERAL MEMBERS. *Nay*.

COUNT BY TELLERS

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair is not altogether certain on the response, so we will go to a count by tellers. So, those who are in favor of the motion to close the period of individual amendments, please rise. (*Several Members rose.*)

Again, we request the Honorable Pichay to make the count.

Please remain standing until such time that the Honorable Pichay has signaled the Chair that his count has been completed.

REP. PICHAY. Mr. Speaker, 122 Members rose in favor of the motion.

THE DEPUTY SPEAKER (Rep. Del Mar). Those against the motion to close the period of individual amendments, please rise. (*Few Members rose.*)

May I request the Honorable Mitra to do the count.

REP. AQUINO (A.). But we just voted earlier, I think to open, to reconsider....

THE DEPUTY SPEAKER (Rep. Del Mar). I am sorry but may I just proceed with the voting.

REP. MITRA. Mr. Speaker, 37 Members rose to vote against the closing of the period of amendments.

THE DEPUTY SPEAKER (Rep. Del Mar). The results show 122 Members voted in favor of the closing of the period of individual amendments and 37 voted against.

So, the motion is approved.

REP. BARBERS. Mr. Speaker.

REP. PLAZA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Mr. Speaker, considering that the period of individual amendments...

REP. PLAZA. Objection, Mr. Speaker. Just for clarification, Mr. Speaker, I think there are more than 32 as stated. We have here members of the party-list. All the other members even from the majority stood up in

favor of reopening the period of amendments. Maybe we can go to a nominal voting, Mr. Speaker. I move for a nominal voting, Mr. Speaker.

REP. DEFENSOR (A.). Objection, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). There is a motion for nominal voting and an objection to it.

REP. DEFENSOR. Objection. Mr. Speaker, may we just request Congressman Mitra to restate his count.

REP. BARBERS. Point of order, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). Before the nominal voting, may we ask Congressman Mitra to restate his count.

REP. BARBERS. Point of order, Mr. Speaker. This is a point of order, the highest order, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Barbers is recognized.

REP. BARBERS. Thank you, Mr. Speaker.

Mr. Speaker, the Chair has ruled that the affirmative and negative votes have already been recorded and no motion for reconsideration was made. There is no need for the Chair to ask for another counting.

THE DEPUTY SPEAKER (Rep. Del Mar). There is a motion for nominal voting.

REP. BARBERS. Precisely, Mr. Speaker, the tellers assigned or tasked by the Chair gave out results and were read by the Chair already. Those who can file for a motion for reconsideration are the ones who voted in the affirmative. In this case, no one has actually filed a motion, Mr. Speaker.

REP. CAYETANO. Mr. Speaker, our motion was for the proper counting.

THE DEPUTY SPEAKER (Rep. Del Mar). The motion for nominal voting is always in order and there is an objection. So, now we will vote on whether we will go into nominal voting, because to have a nominal voting requires a vote of at least 20 percent of the quorum.

REP. DEFENSOR (A.). Mr. Speaker.

REP. VILLAFUERTE. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). To reiterate, a motion for nominal voting can only be approved upon an affirmative vote of 20 percent of the Members of the quorum which is 34 Members.

REP. VILLAFUERTE. No, Mr. Speaker. There can be no motion for nominal voting unless there is prior proof that they have met the requisite number for entitlement. That is why I think the better approach, if the Body may hear me out, is to allow a recount of those who voted against the reopening so that we can settle this issue.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair has already decided that we vote on whether we go into nominal voting. So, the Chair will ask those who are in favor of a nominal voting to please rise because we need 34 votes to proceed with it. The motion would be lost if there are less than 34 Members voting.

The Secretary General will make the count, so please remain standing.

Those in favor of a nominal voting, please remain standing. There are 42 Members in favor of a nominal voting, a number beyond the minimum requirement. So, the Secretary General is directed to call the roll for nominal voting.

REP. CRISOLOGO. Mr. Speaker, the minimum requirement is 47.

REP. ANTONINO-CUSTODIO. Of the quorum, Mr. Speaker.

REP. CRISOLOGO. There is already a ruling, Mr. Speaker.

NOMINAL VOTING ON THE MOTION TO TERMINATE THE PERIOD OF AMENDMENTS

THE DEPUTY SPEAKER (Rep. Del Mar). Yes, there is already a ruling. So, the nominal voting will proceed.

The Secretary General will please call the roll.

We are voting on whether we will close the period of individual amendments. Those in favor of closing the period of individual amendments will vote yes; those against, will vote no. (*Laughter*)

FIRST ROLL CALL

THE DEPUTY SPEAKER (Rep. Del Mar). The Body will now vote on the motion and the Secretary General will call the roll.

THE SECRETARY GENERAL, *reading*:

Abad	<i>Nay</i>	Alcala	
Abalos	<i>Nay</i>	Alfelor	<i>Yea</i>
Abante		Almario	<i>Nay</i>
Abaya	<i>Nay</i>	Alvarez, Antonio C.	<i>Yea</i>
Abayon	<i>Yea</i>	Alvarez, Genaro Rafael III K.	<i>Yea</i>
Ablan	<i>Yea</i>	Amante	<i>Yea</i>
Abubakar	<i>Yea</i>	Amatong	<i>Yea</i>
Acosta		Amin	<i>Yea</i>
Agarao		Andaya	<i>Yea</i>
Agbayani		Angara	<i>Nay</i>
Aguja	<i>Nay</i>	Antonino	<i>Yea</i>
Albano	<i>Nay</i>	Antonino-Custodio	<i>Nay</i>

REP. ANTONINO-CUSTODIO. May I explain my vote, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). I am sorry. This is not a vote on Third Reading.

REP. CAYETANO. Mr. Speaker, this is a nominal voting. In nominal voting, we are allowed three minutes to explain our vote, Mr. Speaker. I will paste these Rules together again to find that rule, Mr. Speaker. Are we amending the rule for the second time tonight, Mr. Speaker?

THE DEPUTY SPEAKER (Rep. Del Mar). Will the Secretary General please proceed.

THE SECRETARY GENERAL, *reading*:

Antonino-Custodio

REP. ANTONINO-CUSTODIO. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). This particular nominal voting does not allow for an explanation of vote.

REP. CAYETANO. Mr. Speaker, point of order.

THE DEPUTY SPEAKER (Rep. Del Mar). The voting will not be interrupted. The Secretary General will please proceed.

REP. CAYETANO. Mr. Speaker, Section 117 of the Rules of the House provides

that a Member may explain his vote in not more than three minutes during nominal voting. How can we amend this rule while we are voting?

THE SECRETARY GENERAL, *reading*:

Apostol *Yea* Aquino, Agapito A. *Nay*

REP. AQUINO (A.). May I make a one-minute manifestation only, Mr. Speaker. I think we have agreed to follow certain processes in this House which should not be subverted. Because if processes are subverted, then there will be confusion. Anyway, I vote no, Mr. Speaker.

REP. ANTONINO-CUSTODIO. Mr. Speaker, why was the Gentleman allowed by the Chair to make a manifestation and I was not? Is it because I am a woman, Mr. Speaker?

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair's first ruling of not allowing explanation of votes was upon the advice of the Secretary General. But after going over our new Rules, as approved today, the Chair is revising its previous ruling and that it is now ruling to allow Members to have three minutes to explain their votes. So, the Honorable Antonino-Custodio may explain her vote.

REP. ANTONINO-CUSTODIO EXPLAINS HER VOTE

REP. ANTONINO-CUSTODIO. Thank you, Mr. Speaker. I would like to thank the Chair for giving us this opportunity to explain our votes as we objected to the motion to close the period of individual amendments.

Mr. Speaker, the Committee on Ways and Means indeed met six times on the proposed measure and we questioned and objected to the holding of these meetings because they happened during the break. Mr. Speaker, naipasa po itong committee report by the affirmative vote of 21 members of the committee who have not read said report. I believe that the wisdom of the plenary should be heard even through personal or individual amendments. Dahil pinigilan na nga po natin ang mga interpelasyon ng mga Miyembro ng ating Kongreso, when each Member represents a constituency in the House, they should indeed be heard, Mr. Speaker. And I vote no, Mr. Speaker, because I do believe that the 21 members, o sabihin na nating 50—ang lahat na po ng nag-attend sa Ways and Means Committee hearing—ay hindi ang boses lamang ng ating Kongreso.

Marami pong salamat, Mr. Speaker.

REP. BARBERS. Mr. Speaker, I am sorry, but I have to do this. I move that we suspend the session to give time for the Chamber to greet our colleague, Congressman

Cayetano, a happy birthday. And then we can proceed already.

THE SECRETARY GENERAL, *reading*:

Aquino, Benigno S. III	<i>Nay</i>	Badelles	<i>Yea</i>
Aquino, Dr. Rey B.	<i>Yea</i>	Banaag	<i>Yea</i>
Arbison		Barbers	
Arroyo	<i>Yea</i>	Barinaga	<i>Yea</i>
Asistio		Baterina	<i>Yea</i>
Bacani	<i>Yea</i>	Bautista	
Baculio	<i>Yea</i>	Beltran	<i>Nay</i>

REP. BELTRAN. I vote no. May I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. BELTRAN EXPLAINS HIS VOTE

REP. BELTRAN. Mr. Speaker, I am prevented to introduce individual amendments to include a genuine crackdown on big-time and endemic corruption that would amount to a collection of about P120 billion; a review of public debt that will identify onerous debts and will raise an additional P69.5 billion; a review of tariff and investment incentive policies especially towards the strategic development of our domestic agriculture and industry that will allow a collection of about P13.3 billion. For this reason, for my failure to include this in the individual amendments, I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Bersamin	<i>Yea</i>	Bueser	<i>Yea</i>
Biazon	<i>Nay</i>	Bulut	<i>Yea</i>
Biron	<i>Yea</i>	Cabilao	<i>Yea</i>
Bondoc	<i>Yea</i>	Cagas	<i>Nay</i>
Bravo	<i>Yea</i>		

REP. CAGAS. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. CAGAS EXPLAINS HIS VOTE

REP. CAGAS. Mr. Speaker, it has been a very troubled night tonight. Many

enjoyed the spectacle; many of us sat at the sides watching, but not very happy. But I believe that regardless of who is right or wrong in tonight’s proceedings for the bigger interest of a better legislation, we should allow individual amendments even assuming that some procedural lapses have been committed, forgetting whatever “unnice” words that have been uttered here. I think it is better for us to allow individual amendments, so I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Cajes	<i>Yea</i>	Carmona	<i>Yea</i>
Cari		Casiño	<i>Nay</i>
Carlos	<i>Yea</i>		

REP. CASIÑO. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman is given three minutes.

REP. CASIÑO EXPLAINS HIS VOTE

REP. CASIÑO. Yes, I would just like to say that we are setting a bad precedent here. As a neophyte Congressman, I am alarmed and shocked at the way that we have tried to bend the rules just to favor the interest of an elite few in the country. That is all. So I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Castelo Daza		Cerilles	<i>Yea</i>
Castro	<i>Yea</i>	Chatto	<i>Yea</i>
Cayetano		Chiongbian	
Celeste	<i>Yea</i>	Chipeco	<i>Nay</i>

REP. CHIPECO. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. CHIPECO EXPLAINS HIS VOTE

REP. CHIPECO. Alam po ninyo, Mr. Speaker, sa akin pong rekoleksyon, ito po ang kauna-unahang batas na ipapasa natin dito sa Thirteenth Congress. At nakalulungkot po na itong kauna-unahang tax measure na ipapasa natin ay para tayong tren na napakabilis, na kahit po ang paghahain ng mga individual

amendments ay hindi puwede. Ako po ay nalulungkot sa mga pangyayari kaya po ako ay bumoboto ng no sa panukala ninyo.

Maraming salamat po.

THE SECRETARY GENERAL, *reading*:

Chungalao	<i>Yea</i>	Cojuangco, Carlos O.
Clarete	<i>Nay</i>	Cojuangco, Mark O. <i>Nay</i>
Codilla	<i>Yea</i>	

REP. COJUANGCO (M.). Mr. Speaker, I believe that had we allowed a period of amendments, it would be over by now. I vote no.

THE SECRETARY GENERAL, *reading*:

Crisologo *Nay*

REP. CRISOLOGO. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. CRISOLOGO EXPLAINS HIS VOTE

REP. CRISOLOGO. Thank you very much, Mr. Speaker.

Alam po ninyo, we are all here to represent our people from each respective district, Mr. Speaker. And I think it does not matter if the Body will allow us to propose amendments. Anyway, it will be the Representatives of the people who will decide if the amendment will be accepted or not. But certainly, every Juan de la Cruz has to be heard in this Chamber.

So, Mr. Speaker, if only for that, and I am sure the people will not be pleased when the voices of the minority and part of the majority are being stifled. For that, I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Cua, Guillermo P.	<i>Nay</i>	Datumanong
Cua, Junie E.	<i>Yea</i>	De Guzman
Cuenco		De Venecia
Dadivas	<i>Nay</i>	Defensor, Arthur D.
Dangwa		Defensor, Matias Jr. V. <i>Yea</i>

REP. DEFENSOR (M.). Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. DEFENSOR (M.) EXPLAINS HIS VOTE

REP. DEFENSOR (M.). Mr. Speaker, I am one of those who signed the bill, and I believe in the bill. That is why I am voting yes. It is not true that the 21 Members who signed did not even read it. In my case, I have read the bill, and I agree to it. I vote yes.

THE SECRETARY GENERAL, *reading*:

Del Mar	<i>Yea</i>	Dumpit	
Diaz		Durano	
Dilangalen		Dy, Consuelo A.	<i>Yea</i>
Dimaporo		Dy, Faustino “Bojie” III G.	
Dominguez	<i>Yea</i>	Ecleo	<i>Yea</i>
Domogan	<i>Yea</i>	Ermita-Buhain	<i>Yea</i>
Duavit	<i>Nay</i>	Escudero	<i>Nay</i>
Dumarpa	<i>Yea</i>		

REP. ESCUDERO. Mr. Speaker, 12:09 a.m. na po. Hindi na po birthday ng Majority Leader natin na si Congressman Nograles. Wala na pong dahilan para suportahan pa ho natin iyong mga ginagalaw nila sa floor.

Birthday na ho ngayon ni Congressman Cayetano. At sana po, makita po natin iyong liwanag, gayundin iyong paninindigan noong kaniyang posisyon tungkol po sa bagay na ito. Marami pa pong boboto. Sana po, katigan natin iyong naaayon sa ating Rules, gayundin iyong naaayon po sa pagiging parehas na pagtrato lalung-lalo na sa mga miyembro ng minority.

Salamat po, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Espina	<i>Yea</i>	Figuroa	<i>Yea</i>
Espino		Firmalo	<i>Yea</i>
Espinosa, Edgar T.		Floirendo	
Espinosa, Emilio Jr. R.	<i>Yea</i>	Fua	<i>Yea</i>
Estrella	<i>Yea</i>	Fuentebella	
Fabian		Garcia, Albert S.	<i>Yea</i>
Falcon	<i>Yea</i>	Garcia, Vincent J.	<i>Yea</i>

Gidaya	Gozos
Golez <i>Yea</i>	Guingona <i>Nay</i>
Gonzalez <i>Yea</i>	

REP. GUINGONA. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. GUINGONA EXPLAINS HIS VOTE

REP. GUINGONA. Thank you, Mr. Speaker.

Mr. Speaker, since this bill was first discussed, it was in an invalid committee meeting which was tainted with secrecy and deception. The due process of democracy, the ventilation of issues, the dialogue among opposing views, the due courtesy to those who have filed their bills of a similar nature have been grossly disregarded. Likewise, proper procedures have been disregarded. At every twist and turn in the life of this bill, there has been deception. It is now 12:12 midnight. Let us not, like a thief in the night, steal the opportunity to make meaningful amendments to this bill. Because if this is stolen, it will not be from Congress, but from the Filipino people.

I therefore vote no, Mr. Speaker.
Thank you.

THE SECRETARY GENERAL, *reading*:

Gullas	<i>Yea</i>	Hataman	<i>Nay</i>
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REP. HATAMAN. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. HATAMAN EXPLAINS HIS VOTE

REP. HATAMAN. Mr. Speaker, bilang isang Muslim, ako po ay hindi sana makikialam kung susuportahan o hindi ang bill na yan dahil hindi po ako umiinom at hindi po ako naninigarilyo. Pero ang nakagigimbal po, lalo na sa aking damdamin, ay ang patakaran at dirty tricks ng mayorya sa loob ng bulwagang ito na nag-udyok sa akin upang ibasura ang nasabing batas na yan. Ibasura na nga eh, no.

THE SECRETARY GENERAL, *reading*:

Hizon	<i>Yea</i>	Imperial	
Hontiveros-Baraquel		Ipong	<i>Yea</i>

Jala	<i>Yea</i>	Jaraula	
Jalosjos	<i>Yea</i>	Javier	
Jalosjos-Carreon	<i>Yea</i>	Jaworski	<i>Nay</i>

REP. JAWORSKI. May I be allowed to explain my vote, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. JAWORSKI EXPLAINS HIS VOTE

REP. JAWORSKI. Thank you, Mr. Speaker.

Mr. Speaker, I express my support for Committee Report No. 60. However, as a Member of the Thirteenth Congress, I deem it prudent to uphold the spirit of democracy within the four walls of this august Chamber. I am casting this vote based not on the appeal of the minority but on my personal convictions. Let us respect the Rules we have set forth to propel and uphold the supposed integrity of this institution we all respect.

I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Joaquin		Lacson	<i>Yea</i>
Joson		Lagbas	<i>Yea</i>
Kintanar	<i>Yea</i>	Lagman	<i>Yea</i>

REP. LAGMAN. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. LAGMAN EXPLAINS HIS VOTE

REP. LAGMAN. Mr. Speaker, I initiated the move from the majority to allow the minority to introduce individual amendments. The Chair finally acceded to allow the minority to introduce individual amendments to respect democratic space. However, when the vote was about to be taken on a motion for reconsideration of the ruling of the Chair closing the period of individual amendments, the minority changed gear and decided not to pursue the motion for reconsideration to open the floor to individual amendments. If the minority themselves would not want to introduce anymore individual amendments and that is their option and freedom, then why should we open the floor to individual amendments? We should not be more popish than the Pope.

I therefore vote yes, meaning, we should respect the ruling of the Chair not to

open the floor for individual amendments because the minority has surrendered the right to do so.

THE SECRETARY GENERAL, *reading*:

Lapus	<i>Yea</i>	Locsin	<i>Yea</i>
Libanan	<i>Yea</i>		

REP. LOCSIN EXPLAINS HIS VOTE

REP. LOCSIN. May I explain my vote. It is very short only, Mr. Speaker.

Nothing about this bill was secret. Even anything too much about it was revealed in the media. Even the Department of Finance joined in the public discussion with the added advantage of anonymity even in my newspaper. In fairness to the Members of the Committee on Ways and Means who attended its meetings and did the hard work, I must contradict the baseless allegations that this bill was hatched in secrecy and finalized except in the open light of day for all to see who bothered to look. If only for that, I vote yes.

THE SECRETARY GENERAL, *reading*:

Lopez, Jaime C	<i>Yea</i>	Loreto-Garin	<i>Yea</i>
Lopez, Ruy Elias C.	<i>Nay</i>	Macapagal Arroyo	<i>Yea</i>

REP. MACAPAGAL ARROYO EXPLAINS HIS VOTE

REP. MACAPAGAL ARROYO. I vote yes primarily because I believe in this bill. Second, I believe that no railroading is taking effect tonight. We are following procedures. The majority has spoken and we must respect the majority’s voice because this is the essence of democracy in this House.

Thank you.

THE SECRETARY GENERAL, *reading*:

Macarambon	<i>Yea</i>	Magsaysay, Eulogio	
Macias	<i>Yea</i>	“Amang” R.	<i>Nay</i>
Madamba	<i>Yea</i>		

REP. MAGSAYSAY (E.) EXPLAINS HIS VOTE

REP. MAGSAYSAY (E.). Mr. Speaker, first of all, this Representation supports the bill because I believe in the bill so much that maybe further individual amendments

can even improve this bill. Therefore, I vote no.

THE SECRETARY GENERAL, *reading*:

Magsaysay, Ma. Milagros	Magtubo	<i>Nay</i>
“Mitos” H.		<i>Yea</i>

REP. MAGTUBO. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. MAGTUBO EXPLAINS HIS VOTE

REP. MAGTUBO. Thank you, Mr. Speaker.

I vote no sa mosyon na bubuksan o hindi bubuksan ang period of amendments. Ito iyong pinag-uusapan natin at pinagbobotohan. Bumoto ako ng no sapagkat ako ay naniniwala na dapat sundin iyong Rules na katatapos lang nating i-approve.

Pangalawa, sa pagsunod dito, nagbibigay tayo ng puwang na additional discussion sa mga ideya at panukala ng ating mga kasamahan. And in doing so, lalawak iyong ating kaalaman sa batas na ito at magiging intelehente tayong boboto sa batas na nakasalang. Kaya’t ako ay bumoboto ng no sa motion para mapasigla ang demokrasya sa loob ng bulwagang ito.

THE SECRETARY GENERAL, *reading*:

Malanyaon	<i>Yea</i>	Malapitan	<i>Nay</i>
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REP. MALAPITAN EXPLAINS HIS VOTE

REP. MALAPITAN. My vote is no, Mr. Speaker, because I believe that in any parliamentary procedure the right of any Member to participate should not be deprived, especially the voice of the minority.

THE SECRETARY GENERAL, *reading*:

Mamba	<i>Yea</i>	Marañon	<i>Yea</i>
Mandanas		Marcoleta	<i>Yea</i>
Mangudadatu			

REP. MARCOLETA. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

 REP. MARCOLETA EXPLAINS HIS VOTE

REP. MARCOLETA. I vote yes, Mr. Speaker, because we were not deprived of our right in the committee level. As a matter of fact, everybody was given the chance to air his proposals and gripes. We had a matrix; we were given prior materials to look into for our consideration; and therefore it should have been our duty to look at it very seriously. As a matter of fact, Mr. Speaker, there was an opportunity for committee amendments. I have not seen many who attended the committee meetings to provide their amendments at the committee level. I do not think it is right to accuse the majority that this bill was railroaded. Nobody was stifled in terms of his right to be considered at the committee level.

Thank you.

THE SECRETARY GENERAL, *reading*:

Marcos *Nay*

REP. MARCOS EXPLAINS HER VOTE

REP. MARCOS. Yes, Mr. Speaker. Brazenness and unseemly haste have marked the passage of this bill and this bodes ill for the future of our House. As if the suffering and pain inflicted by a hideously overpriced North Rail were not enough, the Ilocano must now suffer as well the ignominy of a congressional railroad. Let it be placed on record that the tobacco farmers of the Second District of Ilocos Norte were never once granted their right to be heard during the entire deliberation of this legislation that will deeply and profoundly change their lives, not during the illegally constituted hearings over the period of recess, not during the interpellation where this Representation was not allowed to be heard, not even the few paltry amendments that we wish to submit. No.

THE SECRETARY GENERAL, *reading*:

Mariano *Nay*

REP. MARIANO. Ginoong Ispiker, maaari po bang maipaliwanag ang aking boto?

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. MARIANO EXPLAINS HIS VOTE

REP. MARIANO. Ako po ay bumoboto ng no o pagtutol. Hindi po ibig sabihin

nito ay sumasang-ayon ako sa Panukalang Batas Blg. 3174, kundi ang nais lamang po ng Kinatawag ito ay mabigyan ng pagkakataon ang ating mga kasamahan na maipahayag at maipanukala nila ang kanilang mga amyenda. Ang kasaysayan po ang nagtuturo sa ating lahat. Marahil po ang bawat isa sa atin ay mayroon nang kani-kaniyang paninindigan sa panukalang batas na ito at maaari pong ang bawat isa sa atin ay pinanghahawakan ang kani-kaniyang paninindigan batay sa paniniwalang ito ang tama, ito ang wasto at ito ang nararapat at naayon sa kagalingan ng sambayanang Pilipino. Pero sa kasaysayan po, kahit po ang bumoto sa mga naunang batas noon na iilan, ngayon ay napatutunayang sila ang tama. Ako po ay naniniwala na ang magtatakda ng kung ano ang tama at wastong boto ngayon ay ang mamamayang Pilipino at ang ating hinaharap.

Ang boto kong no na nagbubukas para sa mga panukalang amyenda ng ating mga kasamahan sa Kapulungang ito, sa paniniwala ko po ay hindi nangangahulugan na ang isang mabigat na nakapatong sa kanang bahagi ng ating balikat ay nangangahulugan din lamang ng paglilipat lang nito sa ating kaliwang balikat. Kaya po, G. Ispiker, inuulit ko po ang aking boto ng pagtutol, no.

Maraming salamat po.

THE SECRETARY GENERAL, *reading*:

Martinez

Maza*Nay*

REP. MAZA. Mr. Speaker, maaari po bang pahintulutan akong ipaliwanag ang aking boto?

THE DEPUTY SPEAKER (Rep. Del Mar). The Lady has three minutes.

REP. MAZA EXPLAINS HER VOTE

REP. MAZA. Maraming salamat po.

Ako ay hindi sumasang-ayon na sarhan ang period ng pag-a-amyenda. Ako ay naniniwala na mahalaga at kinakailangan lamang na mabigyan ng panahon ang bawat isa na ipahayag ang kanyang mga mahahalagang inputs o mungkahi o amyenda sa mahalagang batas na ito.

Ako ay naniniwala rin na kung ang prosesong nasaksihan ko sa gabing ito ang sasalaming sa mga proseso na darating pa sa ating pagtalakay sa usapin dito sa Kongresong ito, iyon ay isang araw ng pagluluksa.

Muli, gusto kong ipahayag na ako ay tumututol sa mosyon na isara ang period of amendments, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Mercado	<i>Yea</i>	Miranda	<i>Yea</i>
Miraflores	<i>Yea</i>		

REP. MIRANDA EXPLAINS HIS VOTE

REP. MIRANDA. I would have voted no, Mr. Speaker, because I was a witness a while ago during the mini conference that we had with the minority that they were supposed to be given 30 minutes to introduce personal amendments. However, in view of the change of position on the part of the minority, I will have to vote yes.

Second, I compliment the effort of the Committee on Ways and Means for taking time and making use of the recess to craft this very necessary and timely measure to save the country from our fiscal difficulty.

Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Mitra	<i>Nay</i>	Nieva	<i>Yea</i>
Nantes	<i>Yea</i>	Noel	<i>Nay</i>
Nepomuceno	<i>Yea</i>	Nogralas	<i>Yea</i>
Nicolas		Ocampo	<i>Nay</i>

REP. OCAMPO. May I explain my vote, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. OCAMPO EXPLAINS HIS VOTE

REP. OCAMPO. I vote no regardless of how I stand on the bill. I think time should be given for those who would like to introduce amendments and for us to hear out what these amendments are.

Thank you.

THE SECRETARY GENERAL, *reading*:

Olaño	<i>Yea</i>	Pancho	<i>Nay</i>
Ortega	<i>Yea</i>	Paras	<i>Nay</i>
Pablo	<i>Yea</i>		

REP. PARAS. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. PARAS EXPLAINS HIS VOTE

REP. PARAS. Mr. Speaker, when the President declared fiscal crisis, although our stand generally was to oppose new taxes and the passage of new taxes because we believe that there is still much to be desired from the revenue-generating agencies, we in the opposition wanted to help the President in addressing this crisis since “sin taxes” would be the more palatable alternative. And I would have supported it, Mr. Speaker. However, it seems that her representatives in the Department of Finance, who were pushing for a better revenue, failed to espouse their stand during the deliberation in the committee. Hence, only a 20 percent tax, a smaller revenue, had been arrived at. To me, this is not helping address the fiscal crisis. Even before that motion of the Deputy Majority Leader to deprive us of our chance to help improve the proposed bill and raise more revenues, we were not allowed to make amendments.

Hence, I am voting no since we have been deprived of that chance of improving this revenue measure, Mr. Speaker.

Thank you.

THE SECRETARY GENERAL, *reading*:

Petilla	Pingoy
Pichay	Plaza <i>Nay</i>

REP. PLAZA. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. PLAZA EXPLAINS HIS VOTE

REP. PLAZA. Mr. Speaker, this is one moment where I really am confused. The President appealed to Congress to increase additional revenue in order to cover the gap in our budget deficit. But the tyranny of the majority really is confusing me. I do not know who is now the majority because it seems that the majority is the minority, and the minority is the majority. All that the minority wanted was to help President Gloria Macapagal-Arroyo or this administration increase its revenue, yet the majority does not want to give the minority the opportunity to raise our ideas and, furthermore, we just want to simplify the bill in order not to leave or give any room for interpretation.

Perhaps, the bill could have been improved and simplified to avoid the same predicament as what happened in the Supreme Court decision wherein the DOF was ordered to refund P1 billion to Fortune Tobacco. Had we simplified this bill, Mr. Speaker, as what one of our colleagues has mentioned, this bill would not require a masteral degree, if not a doctoral degree, perhaps in accounting or any subject or a mathematician, or perhaps an acturarian to be understood. We could have interpreted

this law easily.

So, I hope, Mr. Speaker, that one day, the majority in the Ways and Means Committee will not come back to Congress to ask for amendments in order to raise the desired level of revenues because I am certain that this bill will not give the government the target revenue it wants to raise from the industry.

Thank you and I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Ponce Enrile	Ramiro	<i>Yea</i>
Puentevella	Real	<i>Yea</i>
Puno		

REP. REAL. May I be allowed to explain my vote briefly.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. REAL EXPLAINS HIS VOTE

REP. REAL. Mr. Speaker, like the City of Rome of old, our beloved country is on fire. As leaders of our people, we should not emulate Emperor Niro who, instead of leading the efforts to douse the flames, kept on playing his harp.

I therefore cast a positive vote, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Remulla, Gilbert C. *Nay*

REP. REMULLA (G.) EXPLAINS HIS VOTE

REP. REMULLA (G.). Mr. Speaker, there are some things that we should remember, namely: (1) that Congress is the seat of democracy; (2) that we are a deliberative Body; and (3) that it is the Rules which governs and makes us civilized people.

Tonight, we have seen a wanton disregard for the Rules; we have seen that our duty to deliberate on certain bills and propose amendments has been stopped and stifled; and that when it comes to democracy, we have seen that yes, the majority rules, right or wrong.

I hope that this situation does not happen again in this House. After 3.5 years, I have come to love this House and it is sad to see when these things happen. And I miss being in the minority.

I vote no.

THE SECRETARY GENERAL, *reading*:

Remulla, Jesus Crispin C. *Nay*

REP. REMULLA (J.). Mr. Speaker, may I be given a chance to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. REMULLA (J.) EXPLAINS HIS VOTE

REP. REMULLA (J.). Mr. Speaker, there is no argument that all of us want to raise revenues for this government. Not one in this House would say that this government does not need new taxes, Mr. Speaker.

I filed a measure in the Ways and Means Committee. I attended the hearings, except that during that time I was out of town with another Congressman, who also filed the bill but is not here right now, Congressman Mandanas. I was never given a chance to explain my bill in the committee, Mr. Speaker. If this is the way we are going to run the House, I do not see a bright future for this country. We all want revenues, Mr. Speaker. In fact, this is an urgent measure certified by Malacañang which will raise P4.4 billion supposedly, but which I doubt will happen just for cigarette taxes alone. The measure I filed could have raised more than P8 billion, but it seems as if there are many other voices around us which whisper and say to others that there are other ways to earn money not for ourselves, not for the government, but maybe for other purposes.

Mr. Speaker, during the interpellations, it is clear that if we look at the inflation figures on which we based this measure being passed, it was 30.1 percent in the end which should have been the figure. Why 20 percent, Mr. Speaker? That should have been the amendment introduced by this Representation, Mr. Speaker. I would have introduced indexation also on inflation so that we may, at least, allow our countrymen to go with the rise in prices and suffer with the vices.

So, Mr. Speaker, it is with deep regret, since I am a new member of the majority. I have been very outspoken against the administration for the past three years. But on the very first opportunity to vote, Mr. Speaker, I vote no out of being a conscientious objector to the proceedings that happened tonight.

Thank you.

THE SECRETARY GENERAL, *reading*:

Reyes, Edmundo Jr. O.	Roman
Reyes, Victoria Hernandez	Romualdo
Roces	Roquero
Rodriguez	Rosales

.....

..... *Yea*

..... *Yea*

..... *Nay*

REP. ROSALES. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Lady has three minutes.

REP. ROSALES EXPLAINS HER VOTE

REP. ROSALES. Akbayan believes in promoting progressive tax measures that could help diffuse the current fiscal crisis.

This sin tax measure has been considered by many as broadly acceptable by the very nature of its being a sin tax measure.

As a sin tax, this gives us the opportunity to obtain optimum rating, given that revenue earned can help the health of our economy in much the same way that it can help the health of our citizens and the larger environment.

In fact, as a sin tax, it can even go beyond mere indexation. The basis for determining the rate must be scientifically undertaken, and the positive thing right now is that we have the DOF around us. We have the National Tax Research Center (NTC) under the DOF which would have been able to explain in the larger body the more intricate and technical matters regarding the measure.

The flawed measure necessitated some amendments by allowing for the automatic adjustment for indexation. However, the behavior of the majority unfortunately, particularly its leadership, did not allow for a democratic process.

In this regard, I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Salapuddin	<i>Yea</i>	Sandoval	<i>Yea</i>
Salceda		Santiago	<i>Nay</i>

REP. SANTIAGO. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. SANTIAGO EXPLAINS HIS VOTE

REP. SANTIAGO. I vote no, Mr. Speaker.

Last Monday, October 25, 2004, during the executive committee meeting of the Committee on Ways and Means where the committee report was approved, I can still vividly and clearly remember the statement of the Chairman of the Committee on Ways and Means when we were about to propose amendments at the committee level, and we were assured in the minority that amendments would be allowed in the plenary.

On that matter, Mr. Speaker, although we were outvoted, we were made to

understand that amendments would be allowed on the floor.

Surprise of all surprises, I think this is the only time in the history of Philippine Congress where individual amendments are no longer allowed on the floor.

I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Seachon-Lanete *Yea* Serapio *Nay*
Señeres *Yea*

REP. SERAPIO. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. SERAPIO EXPLAINS HIS VOTE

REP. SERAPIO. It has been said that it takes two to tango and it is nice to see two people dancing the tango although the rhythm of their steps may be a little bit awkward. And just like in lawmaking, just like in Congress, it takes a minority and a majority to work together to have a good and acceptable law that will benefit our people and our country. If there will be no minority, how can we have a good discussion, a good deliberation, a good debate on a proposed piece of legislation?

Now, here is the first piece of legislation that we want approved, supposedly, a remedy in the present situation of our country. Yet, it would appear that we will not be able to pass an acceptable piece of legislation as far as the people are concerned, because it is a piece of legislation which has been deliberated upon and approved only by the majority without the participation of the minority.

Kung kami po ay bumalik sa aming mga kani-kaniyang distrito at mabalitaan nila ngayon ang itatanong nila ay: “Bakit nagkaganoon? Bakit kayo’y nagkaroon ng pagtatalo? Ano ba ang pinagtalunan ninyo?” We will be forced to explain at sasabihin namin sa kanila: “Kasi po, mayroon tayong bagong batas, isang batas na napakaganda na makatutulong sa ating bansa, sa ating mamamayan, sa ating Pangulo, nguni’t nasira sapagka’t ayaw ng mayorya na kami’y makatulong maski na papaano.”

We all know and we accept that we are always the underdog. Kaya kung tinatawag na “railroaded” ang isang panukala, kami ang laging railroad track. Kami lagi ang dinadaan at sinasagasaan and we accept that, provided that we are not deprived of the opportunity to at least participate in the deliberations and debate on a piece of legislation so that whatever law is passed, it would be acceptable to our people. And for this reason, I am voting no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Silverio	<i>Yea</i>	Solis	<i>Yea</i>
Singson	<i>Yea</i>		

REP. SOLIS. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. SOLIS EXPLAINS HIS VOTE

REP. SOLIS. Thank you, Mr. Speaker.

Hearing the appeal of the minority a while ago, my heart bleeds not to allow the minority and some majority to present amendments. I myself would like to put some individual amendments because I feel uncomfortable with the term "sin tax." I feel uncomfortable looking at somebody smoking na sinner pala siya. And people who drink, probably, red wine, makasalanan din pala siya kaya tinatawag na "sin tax." I would have wanted to amend it. Palitan natin. Gawin nating "vice tax," dahil parang bisyo ito eh. But there was a suspension and during that suspension more Members from the minority and some from the majority talked on whether to open the period of amendments. And I understand that the minority is no longer interested in pursuing their amendments.

Based on the change of heart of the minority, I also changed my heart in voting. I vote yes.

THE SECRETARY GENERAL, *reading*:

Soon-Ruiz	<i>Yea</i>	Sumulong	
Suarez	<i>Yea</i>	Suplico	<i>Nay</i>

REP. SUPLICO. I vote no, Mr. Speaker, and may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. SUPLICO EXPLAINS HIS VOTE

REP. SUPLICO. I vote not to close the period of amendments on the following reasons: 1) Committee Report No. 60 was filed only on October 26, 2004; 2) The committee report was distributed only today, October 27, 2004; 3) I wanted to interpellate the distinguished Sponsors but I was not allowed to do so; and 4) Section 55 of the Rules provides for amendments to be introduced subject to the five-minute rule. This provision has not been suspended nor amended as of this time.

The majority, in all these instances, has denied the minority its sacred right to

simple due process under the Rules. In order to allow therefore the minority as well as those in the majority who wish to be afforded a chance to speak their minds, we should not close the period of individual amendments but should open it instead. I vote no, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Susano *Yea*

REP. SUSANO. Mr. Speaker, I would like to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Lady has three minutes.

REP. SUSANO EXPLAINS HER VOTE

REP. SUSANO. Politics is incapable so we are in consequence of politics. It is so painful that we cannot be united in our first bill. I was there with my colleagues during the hearings and deliberations of the Committee on Ways and Means. I vote yes according to my judgment and wisdom. I have my obligation to my 600,000 constituents. I am very sorry, it does not mean that when I vote yes I am for the majority all the way, as there will come a time when I will be with the minority and with those who are undecided.

Thank you my colleagues. I vote yes.

THE SECRETARY GENERAL, *reading*:

Sy-Alvarado	<i>Yea</i>	Taliño-Santos	<i>Nay</i>
Syjuco	<i>Yea</i>	Tañada	<i>Nay</i>

REP. TAÑADA. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. TAÑADA EXPLAINS HIS VOTE

REP. TAÑADA. Mr. Speaker, my party, the Liberal Party, is part of the majority coalition, but at this instance, I join the minority in voting no. We should observe our Rules and allow every Member of the House to exercise his right to propose individual amendments whether he avails of said right. Again, Mr. Speaker, I vote no.

THE SECRETARY GENERAL, *reading*:

Teodoro	Tulagan	<i>Yea</i>
Teves	Umali, Alfonso Jr. V.	<i>Yea</i>
Tomawis	Umali, Aurelio M.	<i>Yea</i>

REP. UMALI (A.M.). Mr. Speaker, may I be allowed to articulate my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. UMALI (A.M.) EXPLAINS HIS VOTE

REP. UMALI (A.M.). Mr. Speaker, I vote yes but with a caveat that we could have handled the situations properly. If we allowed the period of individual amendments, which is subject to the five-minute rule, we would not be conducting a nominal voting wherein each Member explains in three minutes the reason he supports or not the opening of the period of individual amendments. Mr. Speaker, we could have handled this properly. There were several points of order which should not have been subjected to a debate, but we allowed the debate to ensue. I hope that this will be the last. We should enforce the Rules because after all, the Rules governs us in this Congress.

Thank you.

THE SECRETARY GENERAL, *reading:*

Unico	<i>Yea</i>	Valdez.	<i>Yea</i>
Uy, Edwin C.	<i>Yea</i>	Valencia	<i>Yea</i>
Uy, Reynaldo S.			

REP. VALENCIA. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. VALENCIA EXPLAINS HIS VOTE

REP. VALENCIA. I vote yes. We are in a very critical crisis today and the majority and the minority are all in the same boat which could sink us all. So, if we could avoid legal technicalities in order that this bill will finally pass as a solution that we are looking at, let us work together.

Thank you.

THE SECRETARY GENERAL, *reading:*

Vargas	<i>Yea</i>	Velarde	<i>Yea</i>
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REP. VELARDE. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. VELARDE EXPLAINS HIS VOTE

REP. VELARDE. I vote yes but I would like to express my disgust at the way the Rules of the House was violated.

Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Veloso	<i>Yea</i>	Villafuerte	<i>Yea</i>
Vicencio	<i>Yea</i>		

REP. VILLAFUERTE. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. VILLAFUERTE EXPLAINS HIS VOTE

REP. VILLAFUERTE. In my opinion, Mr. Speaker, there is no better demonstration that democratic space is being allowed in this Chamber than allowing each of us to speak up tonight. No one’s voice is being stifled. Everybody is allowed to favor or object to the pending proposition despite the ruling of the Chair earlier that the motion not to allow anymore individual amendments has already been decided. It was nevertheless reconsidered precisely to allow an opportunity for this Chamber to decide one way or the other whether that motion should be continued or altogether rejected. And the voice of the majority has spoken, and that is consistent with our Rules. It cannot therefore be said that the Rules has been violated. The Rules has been adhered to. In fact, I would like to see more often that we exercise our rights in nominal voting because that is precisely a clear and unequivocal demonstration that this Chamber does not inhibit anyone to stand and speak up whatever they believe in, and that all of us must defend everyone’s right to speak up even if we are wrong sometimes.

In the course of the interpellations, Mr. Speaker, I have heard many in the majority saying that this bill creates an unnecessary burden to the 87 percent of the C-D class. And yet, I now hear many opposition Members saying that the reason they want individual amendments is that they want to improve this bill by further increasing the burden to many of our poor people. I find that very inconsistent, Mr. Speaker. Most of those who insist that there should be individual amendments are saying, in the course of their explanation, that they want the government to raise

more taxes. I was convinced that there should be no more additional burden. And I was prepared to vote in favor of the opposition. But now they have reversed themselves. I think it is purely tactical that they are objecting to this bill precisely to make their position credible as opposition, even if deep down in their hearts they believe that this bill should be passed. Ang sabi po nila, nakakapahirap ito. Ngayon, gusto pa palang dagdagan. So, I find that rather inconsistent.

I vote yes to the pending proposition, Mr. Speaker, because the so-called individual amendments should have been presented at any time of the 17 meetings of the committee. Unfortunately, many of those who are now voting no had perfect absence in the 17 meetings of the committee. So, it is rather unfair to accuse the committee of railroading this bill. Mr. Speaker, I come from the Province of Camarines Sur where the Philippine National Railway (PNR) train runs. If I rode in the PNR train this afternoon, I would have been there three hours ago. So, this railroad that is being said in this Chamber is slower than the PNR. Therefore, it is untenable to say that there was an attempt to railroad this bill and whatever is the pending motion that is at hand.

My vote is yes, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Villanueva	Villarosa	<i>Yea</i>
Villar	Violago	<i>Nay</i>
Virador		<i>Nay</i>

REP. VIRADOR. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. VIRADOR EXPLAINS HIS VOTE

REP. VIRADOR. Mr. Speaker, I will not subscribe to what our colleagues will say because, definitely, I am against new tax measures at this time, but I will fight for their rights by saying, "Let our colleagues be heard. Let them say their piece." I vote no.

THE SECRETARY GENERAL, *reading*:

Wacnang	Zamora, Ronaldo B.	<i>Yea</i>
Yapha	Zialcita	
Zamora, Manuel	Zubiri	<i>Nay</i>
"Way Kurat" E.		

REP. ZUBIRI. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. ZUBIRI EXPLAINS HIS VOTE

REP. ZUBIRI. Thank you, Mr. Speaker.

Mr. Speaker, the issue here tonight is not about the bill itself—but this Representation will vote in favor of the bill—but about the process that we had gone through to be able to pass this bill.

Mr. Speaker, the period of individual amendments is not the monopoly of the minority alone because many times in the past and maybe in the future, several members of the majority will make their amendments during the period of individual amendments. Does that mean now that if a member of the majority will stand and propose an amendment during the period of individual amendments we will object? We do that to strengthen the bill, Mr. Speaker, because some of us are not members of the Committee on Ways and Means.

We were not given summons to join their deliberations. This would not have happened during the previous Congresses, especially during the time of the father of Erin Tañada; the Dioknos; Ninoy Aquino, the father of Noynoy Aquino or the time of the progressive bloc of Greg Andolana; Gillego; and even my father, Joe Zubiri. They would not have agreed to these proceedings.

Mr. Speaker, those were the grand old days of the legislature. During the time of the minority, when I was part of it, the “Spice Boys” were defeated several times. Those were glorious defeats, but nevertheless we were given the parliamentary courtesy to go through due process. We would end here at 5:30 a.m. fighting for what we believed in, but we came home with our heads up high. Mr. Speaker, that is what I am saying. I feel that this institution has lost that spark. I am not a member of the minority, Mr. Speaker. I am a member of the majority. But tonight I feel that our processes were wrong; this bill should not have been railroaded.

Even if I will vote yes for the bill, I vote with a heavy heart. But for the process, Mr. Speaker, I vote no, a big no.

SECOND ROLL CALL

THE DEPUTY SPEAKER (Rep. Del Mar). The Secretary General will conduct a second call for those who have not yet registered their votes.

THE SECRETARY GENERAL, *reading*:

Abante	Agarao
Acosta	Agbayani

Alcala	Asistio
Arbison	Barbers <i>Nay</i>

REP. BARBERS. Mr. Speaker, I think the good Secretary General has skipped my name. May I know how my vote was recorded, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Secretary General will reply.

THE SECRETARY GENERAL. It is recorded as positive.

REP. BARBERS. Oh, that is totally a defiance of my right, as a Member of this institution, to vote based on my conscience. My vote was otherwise, Mr. Speaker. My vote is no. May I have three more minutes to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. BARBERS EXPLAINS HIS VOTE

REP. BARBERS. Thank you very much, Mr. Speaker.

Mr. Speaker, a lot has been said about the issue that is at hand at the moment. The issue is that we are not voting in favor of the bill being proposed, but we are voting on a motion to either allow us to go to the motion of the period of amendments or not.

I vote no, Mr. Speaker, for it is a clear deprivation of the right of the Members of this institution to voice their concern, their opinion and sentiment on such an important piece of legislation.

Mr. Speaker, we are talking about billions of revenues to be raised at this time when the country needs it most. Nakalulungkot isipin na sa pagpasa ng isang batas na makatutulong para sa bayan ay hindi natin isaalang-alang iyong mga opinyon ng ating mga kasamahan dito sa Kongreso. For all we know, maybe a brilliant suggestion that will increase the revenue, that will improve this bill before it becomes a law, might be the solution to the current fiscal crisis. Huwag naman po sana nating pigilan iyong mga kakayahan o katalinuhan ng ating mga kasamahan dito sa Mababang Kapulungan.

Mr. Speaker, there have been talks that this bill being deliberated tonight is not anymore the product of a collective wisdom of an institution called Congress. This is not anymore a product of a collective wisdom of the Members of this august Chamber but rather a product of a collective wisdom of the industry players. Let it not be said that we pass a piece of legislation dictated to us by no less than the beneficiaries or no less than the players of an industry, because if that is the case, we would rather close shop. This is a useless institution if we follow that kind of practice.

So, again, Mr. Speaker, I will restate that my vote is not affirmative but negative

for the reason that I stated earlier.

Thank you for the three minutes, Mr. Speaker

THE SECRETARY GENERAL, *reading*:

Bautista

Castelo Daza

Cari

Cayetano *Nay*

REP. CAYETANO EXPLAINS HIS VOTE

REP. CAYETANO. Mr. Speaker, I was under the impression that we will be able to go home at 11:00 p.m. That is why I texted my wife that I would be home for my birthday. But she is crying now at ayaw akong kausapin dahil for the first time daw na mag-asawa kami ay di kami nagkasama sa birthday ko.

So, doon po sa nag-iisip na dine-delay lang namin ito, I tell you with all honesty, there was no intention to delay. In fact, the minority was with the majority in trying to speed this up. Kaya nga po ang appeal ko kanina, kung puwede, iyong tren dahan-dahan lang. Kung may railroad, huwag naman masyado because hindi mo alam kung kailan ka nasa minority o sa majority.

Akalain ko ba na ako ay mapunta sa minority samantalang ikinampanya ko ang ating mahal na Pangulo? Hindi ba, Mr. Speaker? At hindi porke nasa minority ako, ang boto ko sa administration bill ay no. If I agree with the administration bill, I will vote yes. In fact, many of us agreed, kaya nga natin inuna iyong sin taxes. Umaangal po iyong iba sa majority dahil unfair na sabihin nila na hindi nabasa iyong bill. I agree to that, but then let us presume na binasa po nila kaya nila inilagay ang kanilang pirma. Also, let us presume that if we proposed amendments we mean what we are proposing.

Iyong pagbabawal ng duty free, wala namang idadagdag na pahirap sa Pilipino iyon, pero dadagdag iyong revenue. Iyon lang ay simpleng proposal. But let us not say that we did not violate any rule. Section 55 clearly states that there shall be committee amendments. Kung wala, there shall be individual amendments. Section 124 of our Rules, which we approved only yesterday, but during this legislative day, states that one motion shall cover only one subject matter. Hindi po maaari na isang mosyon ang magsasara pareho ng period of committee amendments and individual amendments. Hindi rin po maaari nating sabihin na dahil sa maganda ang bill at ito ay para sa bansa at sa financial crisis huwag na nating sundin ang batas, dahil ang sabi mismo ng Consitution at ng Rules ay “ito ay rule of law.” Paano po kung sa susunod na linggo ang budget naman ang pagdedebatehan at sabihing mahalaga ito kaya huwag na nating lagyan ng amendment? Papayag ba ang mga kasama natin? Paano po kung iyong eight tax measures sabay-sabay na po na sabihing walang amendment dahil para naman ito sa ating lahat? Papayag po kaya ang mga kasama natin? Mismong sa majority po, merong mga may gusto ng amendment. Section 26

(2), Article VI of the Constitution states and I quote:

No bill passed by either House shall become a law unless it has passed three readings on separate days, and printed copies thereof in its final form have been distributed to its Members three days before its passage, except when the President certifies to the necessity of its immediate enactment to meet a public calamity or emergency.

We did not question if there was public calamity or emergency but we are looking at the face value of the certification by the President. However, there is a succeeding sentence:

Upon the last reading of a bill, no amendment thereto shall be allowed, and the vote thereon shall be taken immediately thereafter, and the yeas and nays entered in the Journal.

Elementary po sa construction ng batas na ipinagbabawal po. Iyon lang. Ang hindi ipinagbabawal, hindi ipinagbabawal iyon. So, makikita po na sa last reading lang bawal ang amendment. Sinasabi po ng Constitution natin na puwedeng magkaroon ng amendment sa Second Reading at iyon din po ang sabi ng ating Rules.

Lastly, Mr. Speaker, it is misleading to say that the minority did not follow what was agreed upon. I beg the indulgence and understanding of the Gentleman from Albay na mali po ang kanyang pagkakaintindi sa nangyari. Sinabihan po kami na papayagan kaming magtanong, mag-propose ng amendment but will be voted down instantly. Sabi namin, di pareho lang iyon. Hindi ba kami pwedeng humiling na pakinggan lang kami? At pag sinabi ng kumiteng hindi maganda at hindi acceptable ito, saka i-vote down. Pero pag sinabing maganda ito, baka pwede nating isama. So iyon lang po ang sinasabi namin. Sundan naman natin iyong proseso ng amendment. And let us not amend our Rules again two times in one day. Sasabihin po puwede naman sa committee mag-propose ng amendment. Ang mga miyembro ng Committee on Ways and Means ay 120 lang po. Paano po iyong 100 na hindi miyembro?

Mr. Speaker, kung hindi po tayo nag-debate sa technicalities at pinayagan na lang po ang amendments, alas onse po ng gabi pasado na po ang bill na ito. Happy ang asawa ko, happy po ang mga Kongresista dahil tapos na po ang pinag-usapan natin. But now we may have opened up an infirmity to this bill because we did not allow amendments. But as far as I am concerned, I will not exploit that infirmity because we personally agree to some portions of the bill. Sana lang po pinayagan iyong konti naming input.

I vote no. Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading:*

Chiongbian	Cuenco
Cojuangco, Carlos O.	Dangwa
Crisologo	Datumanong <i>Yea</i>

REP. DATUMANONG. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. DATUMANONG EXPLAINS HIS VOTE

REP. DATUMANONG. Thank you, Mr. Speaker.

Mr. Speaker, if we have followed faithfully the Rules of the House of Representatives, we would not have gone this far of voting on a certain motion. The motion was such that it was couched in a dubious manner because it embraced two subject matters. The procedure should have been that the motion for the closing of the period of committee amendments should be separate and ahead of the other portion of the period of amendments which is individual amendments. The two should not go together because committee amendment pertains to the action of the committee and individual amendment pertains to the actions of the other Members of the House of Representatives who are not members of the sponsoring committee. And because of that, confusion and misunderstanding were aroused. On the other hand, there was also a failure to properly remedy the situation. So, in a way, there is an *in pari delicto* or at least *in pari materia*.

Mr. Speaker, this being the case, I think it is incumbent upon the leadership of the House to find ways by which we can institute better procedures to follow the Rules of the House. If that will be done accordingly, then we can avoid a situation as we are heading now. It would have been happier for all of us. But being a Member of the majority, I am a team player and I vote yes on the question at hand.

Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Defensor, Arthur D.	Jaraula
Diaz	Javier
Dilangalen	Joson
Dimaporo	Mandanas
Dumpit	Mangudadatu
Durano	Martinez
Dy, Faustino "Bojie" III G.	Nicolas
Espino	Petilla
Espinosa, Edgar T.	Pichay
Fabian	Pingoy
Floirendo	Ponce Enrile
Fuentebella	Puno
Gidaya	Reyes, Edmundo Jr. O.
Gozos	Roman
Imperial	<i>Yea</i>

REP. ROMAN. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. ROMAN EXPLAINS HIS VOTE

REP. ROMAN. Mr. Speaker, in general, it is not debatable that a single motion should carry two subject matters as in a motion to close the period of amendments and committee amendments. That is not allowed. But the real issue is to whether to cite that rule with the events that happened here a few hours ago. I had the distinct impression that there were no committee amendments and this impression was confirmed by the chairman when he nodded when I asked him if he was right that he did not have any committee amendments. Records will not show, but he was nodding. I was right, so that if it was a “slip of the tongue” on the part of the Majority Leader to move to close the period of individual and committee amendments at the risk of stressing the obvious— amendments are proposed by the Sponsor, an exclusive prerogative of the committee. Wala naman po e. Sa ayaw at sa gusto, masasara iyan. Kaya napatawad ko na sapagkat kahit na isinabay iyan, for all practical purposes and intent, wala naman kasing committee amendment.

So while it is true that in general we have to apply it, it does not apply in this situation. And I am afraid that the slip of the tongue of our Floor Leader here has been capitalized to go on this technicality which was not applicable up to the extent of this individual vote, not on the bill. So, I vote yes because no rule was violated. Can anyone here vote against the committee and insist on a committee amendment? Walang individual amendments, and that is that. Let us close the period of individual amendments.

THE SECRETARY GENERAL, *reading:*

Salceda	Yapha
Sumulong	Zamora, Manuel
Teodoro	“Way Kurat” E.
Teves	Zamora, Ronaldo B.
Uy, Reynaldo S.	Zialcita
Villanueva	De Venecia <i>Yea</i>
Violago	

REP. DE VENECIA. Mr. Speaker, I am voting yes and I would like to explain why.

THE DEPUTY SPEAKER (Rep. Del Mar). The Speaker has three minutes.

REP. DE VENECIA EXPLAINS HIS VOTE

REP. DE VENECIA. It has been stated by Congressman Roman that there are no committee amendments, attested to by the Chairman of the committee, Congressman Lapus, so let us not mislead the House on this one. It is very clear that there were no committee amendments and therefore there was need to move for the closure of committee amendments.

On the issue of individual amendments, I want to make clear for the record here in this House that our initial intent was to sustain the motion of the Majority Leader when he asked the Chair that indeed there would be no individual amendments. Many members of the minority said that there must be individual amendments, so we conferred to that corner there three times with the Minority Leader and other minority members, and finally we eventually agreed to have individual amendments. So, why would the minority now say that we did not give them democratic space to propose individual amendments? We agreed that there should be individual amendments. As a matter of fact, some members of the majority now are voting against us because they thought that we were not willing to give the minority a window for individual amendments. We agreed. And finally, the Minority Leader and other members of the minority backed out and they abandoned their quest for individual amendments. Congressman Lagman and Congressman Villafuerte were correct that we gave them the opportunity to submit individual amendments but then finally they said, "We would rather not."

So, I want it to be known here on record that we provided democratic space for everyone. The committee had conducted 18 hearings during the last one-and-a-half months. Never before in the history of the House of Representatives that we had 18 committee hearings on a bill so important.

The Committee on Ways and Means agreed to work even during recess when all of us were on vacation; when many traveled either abroad or to their provinces. But the committee stayed here in the House of Representatives to conduct public hearings 18 times. Those who now complain that they were not given the opportunity or the space or the time were either absent or refused to attend, or did not come to the House of Representatives to attend the public hearings. How many times did the Cabinet Members—they are seated here behind us—appear before the Liberal Party, before the opposition, before the LDP, before the Lakas-CMD, before the NPC, before the Kampi, to explain this bill on alcohol and cigarettes and tobacco? So, why will they now say that they were not given enough time, enough space, enough opportunity to introduce amendments, to introduce their ideas and their initiatives on this bill?

I would like to put on record very clearly and unequivocally that the leadership in this House—when I speak of the leadership of this House, I speak of the leadership and the chairmen of all the committees of this House—has the policy to give democratic space to every Member of this House whether of the majority or of the

opposition, even those who come from the ranks of independent. Because this is our sworn duty—to give space especially for the members of the minority; to give space for everyone; to present their views; to present their options; to present their alternatives; to present their initiatives. These we have done in the case of this bill. Never before in the history of the House did it conduct 18 public hearings precisely to give everyone an opportunity to speak on this important and historic bill.

Thank you, Mr. Speaker. (*Applause*).

REP. SALAPUDDIN. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). What is the pleasure of the honorable Deputy Speaker Salapuddin?

REP. SALAPUDDIN. May I know from the Secretary General how my vote was recorded.

THE DEPUTY SPEAKER (Rep. Del Mar). It is recorded in the affirmative.

REP. SALAPUDDIN. May I be allowed to explain my vote, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. SALLAPUDDIN EXPLAINS HIS VOTE

REP. SALAPUDDIN. Thank you, Mr. Speaker.

Mr. Speaker, one of the principal reasons I voted yes on the motion was when I heard the Minority Leader say that they no longer are interested to introduce any individual amendments. And since they have manifested their desire not to introduce anymore any individual amendment, it is for that reason that I voted yes. But personally, Mr. Speaker, let me put on record that this is the House of Representatives. We are governed by our own House Rules and, as such, our House Rules must govern not only our actions but principally the proceedings of our session, so that in all our future deliberations on the floor we will not consume so much time not because the issue debated on the floor is not good, but because certain procedures were not adhered to. And there is one thing that I wanted also to be put on record and in fact I wanted it to be stricken off the Record, though I do not mean anything against the Gentleman from Agusan del Sur when he mentioned the word “~~more-more~~.” That certainly refers to the Muslims of the South although, we would love to be called Muslims—followers of Islam—but the term “~~more~~” certainly refers to us.

In view of that, Mr. Speaker, I would like to request the Secretariat to delete that from the records because we do not want the term “~~more~~” to be associated with anything that is not right, with anything that is not legal, with anything that is wrong,

with anything that is not procedural.

Mr. Speaker, I wish that the Secretariat will delete the term “~~moro-moro~~” in the records because it refers to the Moro of the South.

I so move.

Thank you.

APPROVAL OF THE MOTION TO
TERMINATE THE PERIOD OF AMENDMENTS

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

The Secretary General is directed to accede to the request of the Deputy Speaker to delete the remarks so indicated.

With 128 affirmative votes, 51 negative votes and no abstention, the motion to close the period of individual amendments is approved.

The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Mr. Speaker, I now move that we proceed to vote on House Bill No. 3174 on Second Reading and the Secretary General be directed...

REP. SUPPLICO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Suplico is recognized.

REP. SUPPLICO. Mr. Speaker, according to Section 1, Rule XVII of the Rules of the House, a Member may explain his vote in not more than three minutes during nominal voting.

May I ask that those speeches beyond the three-minute limit be stricken off the Record.

THE DEPUTY SPEAKER (Rep. Del Mar). By precedent and parliamentary practice...

REP. SUPPLICO. No, Mr. Speaker. I am invoking the Rules and that is tantamount to a point of order.

THE DEPUTY SPEAKER (Rep. Del Mar). Yes, that is true. That is in the Rules, but the Gentleman will also agree that in several nominal votings, there is a wide latitude given to Members to exceed the three minutes in order to complete their explanation, and so it has been regarded as three long minutes.

So I would let the Gentleman note that in tonight's voting, not only the honorable Speaker exceeded the three minutes, but there were other Members, like the Honorable

Cayetano and others and the Chair did not call their attention but allowed them to complete their explanation.

REP. DEFENSOR (A.). Mr. Speaker.

REP. SUPLICO. I withdraw my motion, Mr. Speaker, after the explanation of the distinguished Dep. Majority Leader beside me.

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair thanks the Honorable Suplico for withdrawing his motion or observations.

REP. DEFENSOR (A.). Mr. Speaker, I now reiterate the previous question that we vote on House Bill No. 3174 on Second Reading.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection to the approval of House Bill No. 3174 on Second Reading?

REP. ESCUDERO. Mr. Speaker, point of order. The proper procedure should be for the Chair to ask those who are in favor to say *aye* or *nay*, but not to ask if there is any objection.

Otherwise, if an objection is raised, Mr. Speaker, the Chair will again be putting the motion to a vote. Will the Chair kindly just ask that those who are voting in favor will say *aye* and those who are voting against will say *nay*?

VIVA VOCE VOTING

THE DEPUTY SPEAKER (Rep. Del Mar). That is correct. We were proceeding there because by asking whether there was any objection to the motion and there was none, then there is no need to proceed to a *viva voce* voting.

As many as are in favor of the motion to approve House Bill No. 3174 on Second Reading, please say *aye*.

SEVERAL MEMBERS. *Aye*.

THE DEPUTY SPEAKER (Rep. Del Mar). As many as are against, please say *nay*.

FEW MEMBERS. *Nay*.

APPROVAL OF H.B.NO. 3174 ON SECOND READING

THE DEPUTY SPEAKER (Rep. Del Mar). The *ayes* have it. House Bill No.

3174 is approved on Second Reading. (*Applause*)

The Dep. Majority Leader is recognized.

NOMINAL VOTING ON H.B. NO. 3174
ON THIRD READING

REP. DEFENSOR (A.). Considering that this is a certified bill pursuant to Article VI, Section 26 (2) of the Constitution, I move that we vote on House Bill No. 3174 on Third Reading.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

The motion is indeed in order. Because this is a certified bill, the Secretary General will please to call the roll of Members for nominal voting.

THE SECRETARY GENERAL. House Bill No. 3174, entitled: AN ACT INCREASING THE SPECIFIC TAX IMPOSED ON ALCOHOL AND TOBACCO PRODUCTS AMENDING FOR THE PURPOSE SECTIONS 141, 142, 143, 144 AND 145 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED.

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). Before we proceed to vote, Mr. Speaker, I move that we recognize the distinguished Minority Leader to make a manifestation.

REP. ESCUDERO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Minority Leader is recognized since we have not started with the voting.

REP. ESCUDERO. Mr. Speaker, even if we have started with the voting, I would like to manifest the vote in behalf of the minority. I know it is already 1:30 a.m. and to abbreviate the proceedings, may I be allowed to manifest the vote in behalf of all the members of the minority.

THE DEPUTY SPEAKER (Rep. Del Mar). The Minority Leader will proceed.

REP. ESCUDERO. Thank you, Mr. Speaker. Liliwanagin ko lamang po iyong

ibang mga sinabi kanina ng ilan nating mga kasamahan.

Una, sinabi po mismo ng Chairman ng Committee on Ways and Means kanina na 10 hearings po ang isinagawa nila, hindi 17, hindi 16, hindi 18.

Second, Mr. Speaker, much has been said about the supposed withdrawal of the members of the minority to propose individual amendments. For the record, Mr. Speaker, and the record will surely bear me out on this, the Chair had said that the period for both committee and individual amendments was closed and what we voted upon was the ruling of the Chair in that regard. We objected to that ruling but it was already closed. But at the outset, Mr. Speaker, that was already the ruling of the Chair.

Third, Mr. Speaker, it seems that this bill is already written on stone. We have received indications that any proposed amendments we will make will be rejected by the committee, and this may be specially manifested given the fact that in practice, they themselves did not propose any committee amendments anymore. And we know this for a fact. Kadalasan po, iyong ilang mga individual amendments ay ina-accommodate as part of the committee amendments. Given that indication, Mr. Speaker, we no longer wanted to take any part in a proceeding that was already marred by procedural lapses by giving it credence, by participating in supposed individual amendments which would have been rejected anyway. However, Mr. Speaker, even assuming without conceding that we gave up our right to propose individual amendments which would have been rejected nevertheless, we could not in any way bind the members of the majority who, we could not have known, might have wanted to present their own individual amendments. Because any amendments or position given by the minority can only bind the minority but surely not the members of the majority. And that was shown in the vote, Mr. Speaker, when more than 53 voted against the motion to close the period of amendments even if the members of the minority only numbered 29. Probably, members of the majority wanted to propose amendments as well.

It was also said by one of our distinguished colleagues that our proposed amendment would be to increase the tax rate anyway. Iyon po ang isa marahil sa mga amendments na nais ipanukala ng isa sa mga miyembro ng minority. Hindi po namin iniaalis ang karapatan ng bawat Miyembrong mag-propose ng amendment. Pagbobotohan pa po naman natin ito. Nagreklamo lamang naman po kami sa pag-alis ng aming karapatan na mag-propose ng amendment, na bukas pa sana iyong isip na tanggapin iyong amendment.

Mr. Speaker, we reiterate our position that this tax measure seeks to tax a product that is being used by classes belonging to the D and E at hindi naman po ang mayayaman ang gumagamit nito masyado. Kaya't ang pangunahing tatamaan po ng batas na ito ay iyong mga mahihirap.

Mr. Speaker, before I register a vote of no on the part of the minority, given the fact that we completely disagree to the procedure adopted in its approval, allow me nevertheless to take this opportunity, as a gesture from the minority, to

congratulate all the Members of this House who are still here until now. Madaling araw na po. Binabati ko po ang nasa majority man o minority. I wish to salute and congratulate everyone here. Why, Mr. Speaker? Dahil ala una y medya na po ng umaga, nandito pa tayo. Bagama't hindi po tayo sumasang-ayon sa lahat ng bagay, bagama't iba-iba po ang ating pananaw, hindi po tayo nagkagulo, hindi po tayo nagkasakitan, hindi po tayo nagsigawan. Sinunod po natin iyong proseso ayon sa botohan, tama man po o mali, sang-ayon man kami o hindi.

Mr. Speaker, I think this House, in a sense, must be commended for facing this issue in a civilized manner despite, perhaps, the tempers that were raised a while ago, despite our disagreements on very essential and basic points and despite the fact that probably tomorrow we will continue to debate.

At the end of the day, Mr. Speaker, that is the essence of democracy—for us to be free to say what we want to say, for us to argue, at the end of the day, to vote. Madalas po hindi tama iyong mayoriya pero kami po sa minority, palagi po naming iginagalang sa isang demokrasya ang boto ng mas nakararami. Ipagpapatuloy pa rin po naming sabihing mali kayo pero igagalang po namin ang aming pagkatalo sa botohan sa Kamarang ito.

Again, Mr. Speaker, my congratulations and I salute all of our distinguished colleagues. *(Applause)*

REP. DEFENSOR (A.). Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. DEFENSOR (A.). I now move for the previous question and we now proceed to vote on House Bill No. 3174 on Third Reading.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? *(Silence)*
The Chair hears none; the motion is approved.

The Secretary General is so directed to proceed.

FIRST ROLL CALL

THE SECRETARY GENERAL, *reading:*

Abad *Yea*

REP. ABAD EXPLAINS HER VOTE

REP. ABAD. I vote yes for House Bill No. 3174 but I also believe and I would want to express that it could have been enriched with a more meaningful deliberation

on the floor. I hope this will not happen again in the future.

THE SECRETARY GENERAL, *reading*:

Abalos *Yea*

REP. ABALOS EXPLAINS HIS VOTE

REP. ABALOS. I vote yes and with the same remarks of Congresswoman Abad, I hope this shall never happen again. We should allow our colleagues to express their opinions about the matter.

THE SECRETARY GENERAL, *reading*:

Abante Abaya *Yea*

REP. ABAYA EXPLAINS HIS VOTE

REP. ABAYA. I vote yes but I wish amendments would have been allowed.

THE SECRETARY GENERAL, *reading*:

Abayon	<i>Yea</i>	Agarao	
Ablan	<i>Yea</i>	Agbayani	
Abubakar	<i>Yea</i>	Aguja	<i>Nay</i>
Acosta			

REP. AGUJA. I would like to explain my vote, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. AGUJA EXPLAINS HIS VOTE

REP. AGUJA. Thank you very much, Mr. Speaker. I am voting no for House Bill No. 3174. Our party has a very, very clear decision on taxes enumerated by the government and the measures that the party decided to support are on the indexation of taxes or of sin taxes.

These tax measures have long been overdue, Mr. Speaker, and special taxation on sin products is justified because their consumption negatively affects society through increased health risks. But we are sad to take a negative vote in this proceeding

because we fear that it is an opportunity for us to respond to the crisis to generate resources for the government but we do not want to generate fully from this tax.

So, I am voting no, Mr. Speaker. Thank you very much.

THE SECRETARY GENERAL, *reading*:

Albano	Andaya <i>Yea</i>
Alcala	Angara
Alfelor <i>Yea</i>	Antonino <i>Yea</i>
Almario <i>Yea</i>	Antonino-Custodio
Alvarez, Antonio C. <i>Yea</i>	Apostol <i>Yea</i>
Alvarez, Genaro	Aquino, Agapito A.
Rafael III K. <i>Yea</i>	Aquino, Benigno S. III <i>Yea</i>
Amante <i>Yea</i>	Aquino, Dr. Rey B. <i>Yea</i>
Amatong <i>Yea</i>	Arbison
Amin <i>Yea</i>	Arroyo <i>Yea</i>

REP. ARROYO EXPLAINS HIS VOTE

REP. ARROYO. I vote yes, Mr. Speaker, because I believe in the 10-point program of the President. I believe that this bill will help our economy; we may now overcome our fiscal deficit and be an emerging economy.

Our call has always been to be an economic tiger of Asia. We will be there one day. Those who feel aggrieved today will one day feel the bountiful effects of this bill.

Mr. Speaker, we will overcome our problems as long as we follow the President's need.

Thank you and good morning to all.

THE SECRETARY GENERAL, *reading*:

Asistio	Badelles <i>Yea</i>
Bacani <i>Yea</i>	Banaag <i>Yea</i>
Baculio <i>Yea</i>	

REP. BANAAG EXPLAINS HIS VOTE

REP. BANAAG. Mr. Speaker, no matter the imputed flaws or imperfections in the process of the passage of this bill are, these are all merely procedural. What matters to me are the substantive provisions of the bill which override procedural issues.

I vote yes, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Barbers	<i>Yea</i>	Bautista	
Barinaga	<i>Yea</i>	Beltran	<i>Nay</i>
Baterina	<i>Yea</i>		

REP. BELTRAN. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. BELTRAN EXPLAINS HIS VOTE

REP. BELTRAN. Ako po ay miyembro ng majority, pero mayroon akong independent position on matters and issues that affect the whole people. We are aware of history, especially the history of revolutions in many countries of the world. One of the reasons revolutions were undertaken by people is the oppressive and exploitative taxation. In this case, it has been demonstrated that this measure puts a heavy burden on the poor Filipinos. So, I do not want this taxation to be imposed. Otherwise, it will induce the people to revolt against the authorities of this country.

Kami po ay masyadong kini-criticize sapagkat bira raw kami nang bira pero wala naman po kaming sinasabing alternatiba. Ngayon po, for the first time, kami ay nagpo-propose ng alternatiba sa mga taxation schemes na ito, lalung-lalo na itong sin taxes na sinasabi. Ang mga alternatiba namin ay for plugging the fiscal hole that will not burden the people with new taxes, especially this measure which is very much against the poor people of our country.

These are our alternatives:

1) A genuine crackdown on big-time and endemic corruption which costs our country about P120 billion a year.

2) A review of the public debt towards identifying onerous debts which is worth about P69.5 billion that should have gone to the government's coffers.

3) A review of the government's tax investment and incentive policies, especially towards the strategic development of domestic agriculture and industry. Ang nawawala sa gobyerno rito, in terms of taxes, ay about P13.3 billion a year.

4) The imposition of higher taxes on foreign investors and their imported products and lower taxes for Filipino investors and locally produced goods. Kailangan ang mga foreign investors dito, lalung-lalo na iyong mga kausap ni President Macapagal-Arroyo, ang dapat mapatawan ng mataas na buwis at iyong mga Filipino investors ay mababa lamang ang buwis ngunit ang kanilang gagamiting materyales o produkto, halimbawa na ang tabako o alcohol, ay dapat locally produced. Kailangang mas mura ang halaga kaysa iyong mga imported with high tariff.

5) A penalty of death for duty-free operators who are suspected of being big-time smugglers, for their crimes must be considered inimical to the national interest,

as sabotaging the economy.

Ito ang mga panukala namin. Kaya sa bill na ito, we vote 100 times no.
Thank you.

THE SECRETARY GENERAL, *reading*:

Bersamin *Yea* Biazon *Yea*

REP. BIAZON. May I explain my vote, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. BIAZON EXPLAINS HIS VOTE

REP. BIAZON. Mr. Speaker, as the Rules of the House says, the primary duty of Members is to legislate and to fulfill this duty. Each Member should actively participate in the deliberation of legislative measures and faithfully articulate the demands and interests of his constituencies, as well as those of other sectors that are affected by proposed legislative measures or by conditions, issues and concerns requiring legislative action.

Mr. Speaker, earlier, this Representation voted no to the motion to close the period of individual amendments because this Representation felt that that motion prevented Members from fulfilling their duties. And this Representation, serving his first term in the Twelfth Congress with the minority, could only feel sympathies for the members of the minority in this present Congress. Many times in the Twelfth Congress, Mr. Speaker, we, in the minority, fought many battles and lost all those battles, but we came out with pride because we stood up for the convictions and principles that we upheld.

Nevertheless, Mr. Speaker, that vote of mine does not reflect my vote for this bill. So, Mr. Speaker, may I register a vote of yes for this bill because I feel this is an attempt that this government can make to recover from its fiscal crisis.

Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Biron *Yea* Bulut *Yea*
Bondoc *Yea* Cabilao *Yea*
Bravo *Yea* Cagas *Yea*
Bueser *Yea*

REP. CAGAS. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. CAGAS EXPLAINS HIS VOTE

REP. CAGAS. I would like to explain my vote. I am the author of one of the bills that was consolidated with the consolidated bill, and I am also a cosponsor, Mr. Speaker. Certainly, I am voting yes because I believe in the objectives and the ways by which these objectives will be attained through this bill.

THE SECRETARY GENERAL, *reading*:

Cajes	<i>Yea</i>	Carmona.....	<i>Yea</i>
Cari		Casiño	<i>Nay</i>
Carlos.....	<i>Yea</i>		

REP. CASIÑO. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. CASIÑO EXPLAINS HIS VOTE

REP. CASIÑO. At the outset, Mr. Speaker, let me say that in principle, I am against the idea of raising taxes to solve the fiscal crisis. By government figures alone, as much as P285 billion is lost each year to tax leakages, waived and uncollected taxes. This shows that the immediate solution lies in improving tax administration and not in adding more taxes. This reality, coupled with the rampant graft and corruption, inefficiencies and incompetence in the government, makes any new additional taxes immoral, unjust and reprehensible, especially a regressive tax such as this which will hurt our poor the most. But the worst cut of all, Mr. Speaker, is that House Bill No. 3174 is not even serious in its twin aims of raising taxes and preventing tobacco and alcohol use.

In my interpellation this afternoon, it was admitted that this bill is a quick fix and a far cry from the original intent of restructuring and indexing the taxes on tobacco and alcohol products. We will be collecting a mere P7 billion from an original target of P14 to P25 billion. I hate to say it, Mr. Speaker, but it seems this House has succumbed to the pressures of the giant industry players, as well as our international usurers who want this bill passed by this year. As to preventing tobacco and alcohol use, that has been proven to be nothing but propaganda. The fact is that smokers will continue smoking and drinkers will continue drinking, especially since they will merely shift brands or just pay more for their vice. Objectively, the government will even be happier with more

smokers and more drinkers since this means more revenues.

Lastly, a saving grace to this bill would have been its earmarking of the proceeds to health and social services. Sadly, that has become impossible with the railroading that has just happened. In light of all these, I vote no to House Bill No. 3174.

Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Castelo Daza	Chatto <i>Yea</i>
Castro <i>Yea</i>	Chiongbian
Cayetano	Chipeco
Celeste <i>Yea</i>	Chungalao <i>Yea</i>
Cerilles <i>Yea</i>	

REP. CHUNGALAO. Mr. Speaker, may I ask for 10 minutes to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. CHUNGALAO. Mr. Speaker, in that case, if I will not be given 10 minutes, I will just vote yes.

THE SECRETARY GENERAL, *reading*:

Clarete <i>Yea</i>	Cojuangco, Carlos O.
Codilla <i>Yea</i>	Cojuangco, Mark O. <i>Yea</i>

REP. COJUANGCO (M.). Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. COJUANGCO (M.) EXPLAINS HIS VOTE

REP. COJUANGCO (M.). The government needs revenues now, and I would like to support the government’s efforts. So, I vote yes to this measure.

I do wish, however, that in the future we allow our colleagues to take part in proposing amendments. I believe that we could do better in the future.

Thank you very much.

THE SECRETARY GENERAL, *reading*:

Crisologo	Cua, Junie E. <i>Yea</i>
Cua, Guillermo P. <i>Yea</i>	

REP. CUA (J.). Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. CUA (J.) EXPLAINS HIS VOTE

REP. CUA (J.). Mr. Speaker, I am voting yes to this bill because I agree that there is a need to immediately address the fiscal crisis that faces the nation. And I would like to say that I am very proud this morning to be part of this Thirteenth Congress for acting decisively and swiftly in addressing this serious fiscal crisis. I am certain that by today, we would have sent a strong signal to the financial community about the determination of this Congress to address the problem that faces us seriously nowadays. So, again, I reiterate my yes vote.

THE SECRETARY GENERAL, *reading*:

Cuenco	Espina	<i>Yea</i>
Dadivas	Espino	<i>Yea</i>
Dangwa	Espinosa, Edgar T.	
Datumanong	Espinosa, Emilio Jr. R.	<i>Yea</i>
De Guzman	Estrella	
De Venecia	Fabian	
Defensor, Arthur D.	Falcon	<i>Yea</i>
Defensor, Matias Jr. V.	Figueroa	<i>Yea</i>
Del Mar	Firmalo	<i>Yea</i>
Diaz	Floirendo	
Dilangalen	Fua	<i>Yea</i>
Dimaporo	Fuentebella	
Dominguez	Garcia, Albert S.	<i>Yea</i>
Domogan	Garcia, Vincent J.	<i>Yea</i>
Duavit	Gidaya	<i>Yea</i>
Dumarpa	Golez	<i>Yea</i>
Dumpit	Gonzalez	<i>Yea</i>
Durano	Gozos	
Dy, Consuelo A.	Guingona	
Dy, Faustino	Gullas	<i>Yea</i>
“Bojie” III G.	Hataman	
Ecleo	Hizon	<i>Yea</i>
Ermita-Buhain	Hontiveros-Baraquel	<i>Nay</i>
Escudero		

REP. HONTIVEROS-BARAQUEL. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Lady has three minutes.

REP. HONTIVEROS-BARAQUEL EXPLAINS HER VOTE

REP. HONTIVEROS-BARAQUEL Thank you, Mr. Speaker. The indexation of sin taxes as originally proposed by the administration and the House leadership was one of only two tax measures that Akbayan had decided to support because of its revenue and health components. A fuller indexation of taxes as proposed by House Bill No. 3174 might have been introduced had there been a full interpellation and had individual amendments been allowed. Are we to hope that such amendments can still be introduced in the bicameral conference committee?

Charity begins at home. Despite the statesmanlike words of the Minority Leader, the minority was deprived of its right to introduce amendments, as we members of the minority would have wanted to introduce amendments.

For these reasons, because process is just as important as substance, I vote no to House Bill No. 3174. Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Imperial	Jaworski	<i>Yea</i>
Ipong	Joaquin	<i>Yea</i>
Jala	Joson	
Jalosjos	Kintanar	<i>Yea</i>
Jalosjos-Carreon	Lacson	<i>Yea</i>
Jaraula	Lagbas	<i>Yea</i>
Javier	Lagman	<i>Yea</i>

REP. LAGMAN. Mr. Speaker, I believe that certain aspects of our proceedings should be articulated on record. So may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. LAGMAN EXPLAINS HIS VOTE

REP. LAGMAN. This bill has passed the furnace of deliberate process of crafting a measure. There is no railroading for the following reasons:

1. The Committee on Ways and Means conducted the requisite number of hearings to secure the inputs of interested and concerned parties.
2. Even during the recess, the committee had to work, and the meetings conducted were sanctified by a quorum.
3. The committee report was approved when the House was not anymore on recess.

4. If the minority had misgivings about the process in the adoption of the committee report, it should have moved for a reconsideration of the committee report in the Committee on Ways and Means. The minority did not.

The minority should have exhausted remedies in the Committee on Rules. Again, it did not. In fact, this bill was referred for plenary deliberations with the imprimatur of the Majority and Minority Leaders.

The minority and the majority members were allowed to extensively interpellate the sponsors. At the time the period of sponsorship and debate was closed, the interpellations had become repetitive. As I said earlier, it was the minority who opted not to pursue its individual amendments after the majority, through the Speaker, agreed to open the floor for individual amendments.

It is now uncontroverted and even admitted by the minority that it voluntarily desisted. If it were awed by the ascendancy of the majority, then that is its call, and we respect its desistance. Under the circumstances, the minority has no cause or reason to complain of any railroading.

Mr. Speaker, initially, I was intending to vote against the sin taxes even before the bills were introduced for two principal reasons:

One, the government must have the will and determination to collect the correct taxes which would forestall the imposition of new revenue measures or taxes.

Two, the burden of the taxes cascades to the masses, the major user of sin products, whose only luxury is to have some sticks of cigarettes and a bottle of beer before sleeping away the problems of the day. However, of critical immediacy is to raise revenues to support a fledgling economy. Therefore, there is a need to balance the fiscal requirements of the government and the shielding of the marginalized and disadvantaged citizens from the crunch of a new tax burden. In this connection, I am bewildered by the ambivalent position of those who opposed the measure which, I think, lacks a clear trajectory and a solid anchorage. On one hand, they fault the bill for reducing the revenue target as if they want to tax the people more. On the other hand, they bewail the imposition of this additional tax which will burden the small man further. I cannot comprehend these contradictory positions which approximate a split personality. It could only be underscored in the context of pure opposition or a partisan argumentation.

I vote for this bill because it strikes a median between responding to the government's need for new taxes and softening the ultimate impact of the burden of the tax as an additional imposition to the small or marginalized consumers even as it would enhance to a certain extent the campaign against smoking and alcohol intake.

For these reasons, Mr. Speaker, I vote yes.

THE SECRETARY GENERAL, *reading*:

Lapus *Yea*

REP. LAPUS. Mr. Speaker, may I have a few minutes to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). Certainly, to the honorable Chairman of the Committee on Ways and Means.

REP. LAPUS EXPLAINS HIS VOTE

REP. LAPUS. Mr. Speaker, I think tonight we have made history and I am sure that time will prove that we have just earned a feather in the cap of this Thirteenth Congress. In the next few days, time will prove that we were able to dispose of the most coveted tax measure of the international credit rating agencies and the country's foreign creditors, and that our investments have been delivered.

Mr. Speaker, we have spent 10 hours to pass it and it is all worth the time. I commend the members of the Ways and Means Committee because our marathon hearings also took all of eight hours a day, 18 hearings in one-and-a-half months.

May I thank the entire House, both the majority and the minority, for letting reason and patriotism prevail. This is work that we will be proud of, and it is an accomplishment that we hope will snowball into a momentum for both the House of Representatives and the Senate to produce the needed additional revenues for our ailing fiscal condition.

Thank you very much, Mr. Speaker.

I vote yes.

THE SECRETARY GENERAL, *reading*:

Libanan	<i>Yea</i>	Loreto-Garin	<i>Yea</i>
Locsin	<i>Yea</i>	Macapagal-Arroyo	<i>Yea</i>
Lopez, Jaime C.	<i>Yea</i>	Macarambon	<i>Yea</i>
Lopez, Ruy Elias C.		Macias	<i>Yea</i>

REP. MACIAS. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). Yes, the Honorable Macias has three minutes.

REP. MACIAS EXPLAINS HIS VOTE

REP. MACIAS. Thank you even if without my request.

I had earlier planned to go home to my sick wife and I wanted to register my vote, but it was not accepted. I know my duty, my conscience is clear, and I need not explain my vote of yes.

THE SECRETARY GENERAL, *reading*:

Madamba	<i>Yea</i>	Mamba	<i>Yea</i>
Magsaysay, Eulogio		Mandanas	
“Amang” R.	<i>Yea</i>	Mangudadatu	
Magsaysay, Ma.		Marañon	<i>Yea</i>
Milagros “Mitos” H.	<i>Yea</i>	Marcoleta	<i>Yea</i>
Magtubo		Marcos	
Malanyaon	<i>Yea</i>	Mariano	<i>Nay</i>
Malapitan			

REP. MARIANO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). Yes, the Gentleman has three minutes.

REP. MARIANO EXPLAINS HIS VOTE

REP. MARIANO. Mr. Speaker, ang lalo pang lumalalang krisis sa pinansiya at lumalaking depisito sa budget ng ating bansa ay mauugat sa mga mali at baluktot na patakaran, preskripsyon at programa ng kasalukuyang administrasyong Macapagal-Arroyo. Ang mga antimanong patakaran ng liberalisasyon, pribatisasyon, deregulasyon at denasyonalisasyon ng pambansang ekonomiya, ang pagpapatibay ng House Bill No. 3174 o ang pagpapasa nito ay maitutulad po sa isang maling gamot sa isang lumalalang karamdaman. Bunga ng mga makadayuhan at kontra magsasaka at antimanong patakaran ng liberalisasyon sa agrikultura mula po nang pumasok ang ating bansa sa GATT-WTO, nakapagtala na po at dumanas na ang ating bansa ng kabuuang \$8 bilyon na agricultural trade deficit habang patuloy na nagtatamasa ang malalaking korporasyon at mamumuhunang dayuhan ng tax exemptions, tax perks at fiscal incentives. Nawawalan po ang ating pamahalaan ng P100 bilyon bunga ng pagkawala o mababang taripa o buwis na dati ay ipinapataw sa mga produktong dayuhan. Ang nawawala po bunga ng maling patakaran ng investment liberalization ay P170.8 bilyon. Alinsunod sa pang-ekonomiya at pampulitikang dahilan ng kasalukuyang gobyerno, kailangan umano ang mga bagong dagdag na buwis para tugunan ang pangangailangan sa umano’y karagdagang revenues, samantala, lalo pang lumalala at tumitindi ang krisis pangpinansiyal at ang depisito sa budget sa ating bansa. Kaya po naninindigan ang Kinatawang ito at ang Anakpawis Party-List na ang ano man pong pagpapataw ng ano mang kontra mamamayan at regresibo at di makatarungang buwis ay magdudulot lamang ng karagdagang mabigat na pasanin sa balikat ng ating naghihirap at naghihikahos na nakararaming mamamayan. Batay po rito, ang Kinatawan pong ito ay nagpapahayag ng mariing pagtutol at bumoboto ng no sa House Bill No. 3174.

Maraming salamat po, Ginoong Ispiker.

THE SECRETARY GENERAL, *reading*:

Martinez	<i>Yea</i>	Miraflores	<i>Yea</i>
Maza	<i>Nay</i>	Miranda	<i>Yea</i>
Mercado	<i>Yea</i>		

REP. MIRANDA. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable Miranda has three minutes.

REP. MIRANDA EXPLAINS HIS VOTE

REP. MIRANDA. Thank you very much, Mr. Speaker.

I just like to make use of my valuable three minutes, Mr. Speaker, because since tonight and this morning, in so many instances, this revenue measure has been considered regressive on the part of the socially categorized sector of society—the C, D and E classes. Sa madaling salita, sinasabi nila na ito raw ay higit na makaaapekto sa ating mga salat na kababayan—ang mga mahihirap. Ako po ay naniniwala and I continue to believe that this measure will do otherwise. Even if statistics will show that the poor will be most affected by this, I do not believe that. What I would like to continue to believe is that the present administration is trying its best to come up with some revenue measures that will address its fiscal shortage and the entire country’s as well.

Hindi po mahihirapan ang mga salat nating mga kababayan dahil sa isang banda, mas makatutulong dahil alam kong naniniwala ang ating mga maralitang mga kababayan at sinasakupan na mas higit nilang dapat na pahalagahan ang kanilang maliit na pinagkakakitaan. At ang isang batas na kamukha po nito na magpapataw ng karagdagang buwis sa mga tinatawag nating bisyo ay maaaring makapagbigay ng pahalaga sa kanilang konting kita, upang sa ganoon mas lalo nilang gamitin sa mas kapaki-pakinabang na mga bagay ang kanilang mga kita at hindi sa mga bisyo na kamukha ho ng ating pinapatawan ng buwis na ito.

That is why, Mr. Speaker, I am convinced and I am voting yes, and I will continue to support this measure up to the last.

Thank you very much, Mr. Speaker, and good morning.

THE SECRETARY GENERAL, *reading*:

Mitra	<i>Yea</i>	Nieva	<i>Yea</i>
Nantes	<i>Yea</i>	Noel	
Nepomuceno	<i>Yea</i>	Nograles	<i>Yea</i>
Nicolas		Ocampo	<i>Nay</i>

REP. OCAMPO. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. OCAMPO EXPLAINS HIS VOTE

REP. OCAMPO. This Representation adopts the position earlier taken by my colleague, Rep. Teodoro Casiño.

Mr. Speaker, may I add that in the last Twelfth Congress, we experienced the degrading situation wherein this Chamber had to pass an Anti-Money Laundering Act before a deadline, under a threat of being put in a blacklist by a monitoring body controlled by the world’s richest States.

The law we passed then was rejected as unacceptable by that body, and we had to amend it posthaste. Nevertheless, today the Philippines remains in the negative list of that monitoring body.

Today, as our national leaders have so direly warned via media, this Thirteenth Congress is again being pushed to act under duress—this time by a triad of credit-rating outfits of international creditors. We are being pressed to pass this tax measure on threat of a credit downgrade or heavier cost of borrowing for the country if we failed to do so soon.

This Representation deems such threat altogether unacceptable and submitting to such threat—as some of us seem to be doing now—constitutes a derogation or surrender of our sovereign right to determine freely the way we choose to respond to the fiscal and financial crisis.

If we pass this measure tonight, it may again be found insufficient by those who rate our actions by their arbitrary criteria. This may likewise turn out to be more of a bane than a boon to our people suffering under heightened economic stress.

I vote no for this bill.

Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading:*

Olaño	<i>Yea</i>	Pingoy	
Ortega	<i>Yea</i>	Plaza	
Pablo	<i>Yea</i>	Ponce Enrile	
Pancho		Puentevella	<i>Yea</i>
Paras	<i>Nay</i>	Puno	
Petilla		Ramiro	<i>Yea</i>
Pichay		Real	<i>Yea</i>

REP. REAL. Mr. Speaker, allow me to submit my written explanation of my positive vote.

Thank you, Mr. Speaker.

EXPLANATION OF VOTE OF REP. REAL

Certainly, this measure will adversely affect my constituents, majority of whom are poor, especially those who are addicted to such poor man’s simple vices as smoking and imbibing alcoholic drinks.

On the other hand, there is an urgent need to raise additional revenues for the government, otherwise our country’s economy will collapse. Moreover, the additional burden might force our smokers and drinkers to abandon their bad habits.

I therefore go for the lesser evil. I vote yes, Mr. Speaker.

At this juncture, the Deputy Speaker relinquished the Chair to Rep. Del R. De Guzman.

THE SECRETARY GENERAL, *reading:*

Remulla, Gilbert C.	<i>Yea</i>	Roces	<i>Yea</i>
Remulla, Jesus Crispin C.	<i>Yea</i>	Rodriguez	
Reyes, Edmundo Jr. O.	<i>Yea</i>	Roman	<i>Yea</i>
Reyes, Victoria Hernandez	<i>Abstain</i>		

REP. ROMAN. Mr. Speaker, may I explain my vote.

THE DEPUTY SPEAKER (Rep. De Guzman). The Gentleman has three minutes.

REP. ROMAN EXPLAINS HIS VOTE

REP. ROMAN. Mr. Speaker, I have 1.6 billion reasons I had to explain my vote.

The government just lost a case to a stakeholder in the cigarette industry to the tune of P1.6 billion, ordering the government to refund this amount to this stakeholder apparently because the last priority list in the Sin Tax Law did not contain these phrases which are found on page 4, lines 15-18 on distilled spirits; page 6, lines 42-45 on wine; page 9, lines 30-33 on fermented liquors; and page 13, lines 1-4 on cigars and cigarettes. This particular section makes it abundantly clear that this is a revenue measure and that if they happened to be paying, they cannot pay a tax lower than the tax due as of the effective date of this law or in any case, any excise tax due as of December 30, 1999. I am afraid that this stakeholder may take advantage of this amendment and say that we have validated their case for refund. I am saying that there is no one here in this present Congress that intends to say that, even that old law

which was the revenue law, and it would be absurd to pass a revenue measure and to fine a taxpayer paying lower taxes.

So, Mr. Speaker, I just want to make sure that there is unanimity in this Lower House that the insertion of this section just merely makes it as clear as sunshine that after this law, they should not be paying, under any circumstance, lower taxes; that this is not in any way intended to validate their case against the government for P1.6 billion.

Finally, Mr. Speaker, this is not a perfect law, but I am glad and thankful that the Lower House, to which is lodged the responsibility as the originator of all tax laws, has shown the political will in a timely fashion to pass even an unpopular bill such as taxes bill if the country needs it. I salute my colleagues and I vote yes.

THE SECRETARY GENERAL, *reading*:

Romualdo	<i>Yea</i>	Rosales	<i>Nay</i>
Roquero	<i>Yea</i>		

REP. ROSALES. May I explain my vote, Mr. Speaker.

THE PRESIDING OFFICER (Rep. De Guzman). The Honorable Rosales has three minutes.

REP. ROSALES EXPLAINS HER VOTE

REP. ROSALES. Just a few points, Mr. Speaker.

On procedure, I have no doubt that the Committee on Ways and Means did its homework in crafting the bill as rigorously as it could. Such diligence, however, should not be used as an excuse for the majority, using muscle and the strength of numbers, to stifle democratic deliberation on individual amendments. For this reason, in substance, the bill suffers what could have been a tax measure, providing optimum revenue through automatic indexation pegged to inflation fluctuations.

Mr. Speaker, the possibility of a broadened deliberation that would have allowed the enrichment of this bill was lost because of what seemed to be, I do not understand, a paranoia, a fear, a timidity in allowing democracy to work. A leadership that is scared of democracy, Mr. Speaker, does not make for a stable environment.

Thank you, Mr. Speaker, and for that I vote no.

THE SECRETARY GENERAL, *reading*:

Salapuddin	<i>Yea</i>	Santiago	
Salceda		Seachon-Lanete	<i>Yea</i>
Sandoval	<i>Yea</i>	Señeres	<i>Yea</i>

Serapio	Suplico
Silverio <i>Yea</i>	Susano <i>Yea</i>
Singson <i>Yea</i>	Sy-Alvarado <i>Yea</i>
Solis <i>Yea</i>	Syjuco <i>Yea</i>
Soon-Ruiz <i>Yea</i>	Taliño-Santos <i>Yea</i>
Suarez <i>Yea</i>	Tañada <i>Yea</i>
Sumulong	

At this juncture, the Presiding Officer relinquished the Chair to Deputy Speaker Raul V. Del Mar.

REP. TAÑADA. May I explain my vote, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. TAÑADA EXPLAINS HIS VOTE

REP. TAÑADA. Thank you, Mr. Speaker.

Mr. Speaker, I understand the seriousness of the near-financial crisis our country is facing and the need to address the problem. Mr. Speaker, I vote in favor of House Bill No. 3174 with strong reservations. It would have been better had individual amendments been allowed. I would have wanted to put a proviso on automatic indexation based on inflation as I think Congress is duty-bound to provide for a buoyant tax system. I would have pushed, not for a full indexation, but even at a rate half of the recorded inflation rate so as to provide for some automaticity on tax adjustments as the legislative mill grinds ever so slowly.

I would have wanted to provide for a reclassification of the brands as it would have generated about P27.7 billion (even without indexation), four times more than the projected revenue collection with the way this bill before us is formulated.

I would have wanted to earmark not just the incremental revenues that will be derived from this measure but the entirety of revenues derived from these so-called sin products. After all, the government has been spending P46.35 billion for the cure of respiratory-related diseases. Annually, 20,000 Filipinos die from respiratory-related diseases.

With or without the fiscal problem, I do believe though that these commodities should contribute more to the coffers as the way things stand. The revenue base has undoubtedly been eroded as the indexation component which was part of the original tax proposal when the comprehensive tax reform program was deleted. The proposed measure before us is simply not enough.

Nevertheless, Mr. Speaker, we are moving a bit forward and at least it is a movement inch by inch.

Lest I be misconstrued, my vote in favor of this measure is not because I

want to upgrade our rating and borrow more at a lesser cost. It is simply an insult to our sovereignty. My vote in favor of this measure is purely based on my desire to prohibit the consumption of these products and somehow contribute to the government coffers and provide more social services for our people.

I vote in favor of House Bill No. 3174.

THE SECRETARY GENERAL, *reading*:

Teodoro	Uy, Reynaldo S.
Teves	Valdez <i>Yea</i>
Tomawis <i>Yea</i>	Valencia <i>Yea</i>
Tulagan <i>Yea</i>	Vargas <i>Yea</i>
Umali, Alfonso Jr. V. <i>Yea</i>	Velarde <i>Yea</i>
Umali, Aurelio M. <i>Yea</i>	Veloso <i>Yea</i>
Unico <i>Yea</i>	Vicencio <i>Yea</i>
Uy, Edwin C. <i>Yea</i>	Villafuerte <i>Yea</i>

REP. VILLAFUERTE. Mr. Speaker, may I be allowed to explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. VILLAFUERTE EXPLAINS HIS VOTE

REP. VILLAFUERTE. I am strongly in favor of sin taxes but I would like to forewarn the leadership of this Chamber that I will vehemently oppose any tax on sex.

Thank you, Mr. Speaker.

THE SECRETARY GENERAL, *reading*:

Villanueva	Violago
Villar <i>Yea</i>	Virador <i>Nay</i>
Villarosa <i>Yea</i>	

REP. VIRADOR. Mr. Speaker, I will explain my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman has three minutes.

REP. VIRADOR EXPLAINS HIS VOTE

REP. VIRADOR. Mr. Speaker, distinguished colleagues:

House Bill No. 3174, arguably, enjoys the least line of opposition from among Malacañang's eight tax measures due to its "social acceptability" dimension. The said bill, after all, intends to tax alcohol and cigarettes which are deemed vices that cut across sectors. What is so wrong with taxing smokers and alcoholics who are shortening their life span with their vices anyway?

All, however, is not that simple and naïve.

House Bill No. 3174 is borne of a crisis-riddled economy teetering on the brink of a fiscal crisis. The urgent need to raise revenues is intended to fill in a part of the huge budget deficit of P200 billion. The said crisis is rooted in deep structural economic flaws which largely depend on debts to keep it above water.

Ours is an economy which spends much more than it earns. For the longest time, the role of our so-called economic managers has been to narrow the deficit and to limit overspending. For instance, from January to September this year alone, the government's budget deficit stood at P141.9 billion which is only P200 billion shy from the prescribed deficit ceiling. In the last nine months, the government largely spent for interest payments for foreign loans and big advances to hemorrhaging government-owned and controlled corporations where fat cats are nestled.

This ballooning deficit now has the country's foreign creditors worrying on how we can be able to pay our debts. The International Monetary Fund (IMF) has expressed concern that this current sin tax bill intends to raise between P5.7 billion and P7.6 billion a year, which is way below the expected P14 billion annual target. Our financial managers are worried sick that this bill will not satisfy our international creditors and risk a poor credit downgrade for the country. But not one among them would even bother to know just how much this will impact on the people who will be further squeezed dry with this measure. Already hit with the soaring prices of basic commodities and utilities while wages remain pegged at low levels, the ordinary Filipino is doomed to perdition with the barrage of tax measures now being pushed by Malacañang.

The government has not decisively plugged the loopholes in the tax system by seriously going after big-time tax evaders but has instead embarked on an eight-point tax-making spree at the expense of the Filipinos. Multinational companies enjoy tax holidays and tax exemptions and zero tariffs while our domestic industries wither away.

Let me make it clear. I do not advocate smoking nor drinking. I do, however, see the folly and grand deceit of passing a legislation that purports to curb smoking and promote the health of the people when the bill is, in simple terms, a naked money-making scheme that stands to hit the poorest section of society the most.

The so-called watered down version now being voted upon is no more than a compromise version between tobacco and alcohol magnates and Malacañang, in compliance with foreign creditors' requirements. It makes a sham of putting the people's interest above all.

Mr. Speaker, I therefore vote no to House Bill No. 3174.
Good morning.

THE SECRETARY GENERAL, *reading*:

Wacnang	<i>Yea</i>	Zamora, Ronaldo B.	
Yapha		Zialcita	
Zamora, Manuel		Zubiri	<i>Yea</i>
“Way Kurat”E.			

SECOND ROLL CALL

THE DEPUTY SPEAKER. (Rep. Del Mar). The Secretary General will conduct a second call for those who have not yet registered their votes.

THE SECRETARY GENERAL, *reading*:

Abante		Cayetano	
Acosta		Chiongbian	
Agarao		Chipeco	
Agbayani		Cojuangco, Carlos O.	
Albano		Crisologo	
Alcala		Cuenco	
Angara		Dangwa	
Antonino-Custodio		Diaz	
Aquino, Agapito A.		Dilangalen	
Arbison		Dimaporo	
Asistio		Dumpit	
Bautista		Durano	
Cari		De Guzman	<i>Yea</i>

REP. DE GUZMAN. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Honorable De Guzman has three minutes.

REP. DE GUZMAN. May I know first my vote.

THE DEPUTY SPEAKER (Rep. Del Mar). No vote was recorded.

REP. DE GUZMAN. I am voting in the affirmative. May I be allowed to just submit my explanation of vote in writing.*

THE DEPUTY SPEAKER (Rep. Del Mar). The Chair takes note of the Gentleman’s manifestation.

THE SECRETARY GENERAL, *reading*:

Espinosa, Edgar T. Estrella *Yea*

REP. ESTRELLA. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman is recognized

REP. ESTRELLA. May I know how my vote was registered.

THE DEPUTY SPEAKER (Rep. Del Mar). No vote recorded yet but he has three minutes to explain his vote.

REP. ESTRELLA. Mr. Speaker, I am voting yes but I would like to reserve the right to submit the explanation of my vote in writing.*

Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Gentleman’s manifestation is so noted.

THE SECRETARY GENERAL, *reading*:

- | | |
|--------------------------|----------------------|
| Fabian | Noel |
| Floirendo | Pancho |
| Fuentebella | Petilla |
| Gozos | Pichay |
| Guingona | Pingoy |
| Hataman | Plaza |
| Imperial | Ponce Enrile |
| Jaraula | Puno |
| Javier | Salceda |
| Joson | Santiago |
| Lopez, Ruy Elias C. | Serapio |
| Magtubo | Sumulong |
| Malapitan | Suplico |
| Mandanas | Teodoro |
| Mangudadatu | Teves |
| Marcos | Uy, Reynaldo S. |
| Nicolas | Villanueva |

Violago	Zamora, Ronaldo B.....
Yapha	Zialcita
Zamora, Manuel "Way Kurat"E. ..	

APPROVAL OF H.B. NO. 3174
ON THIRD READING

THE DEPUTY SPEAKER (Rep. Del Mar). The results show 157 votes in favor, 10 against and 1 abstention.

House Bill No. 3174 is approved on Third Reading. (*Applause*)

REP. CASTRO. Mr. Speaker.

THE SECRETARY GENERAL. Announcement from the Committee on Rules: All House Members can submit their explanation of votes in writing on or before November 8, 2004 at four o'clock in the afternoon to the Office of the Secretary General.

REP. CASTRO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

REP. CASTRO. I move that we take up administrative matters.

THE DEPUTY SPEAKER (Rep. Del Mar). Yes, let us please proceed.

REP. CASTRO. Mr. Speaker, pursuant to Section 10 of the Rules of the House, I move to elect Rep. Benigno C. Aquino III as the fourth Deputy Speaker of the House.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any other nomination? (*Silence*) There being no other nomination, the Honorable Benigno S. Aquino III is duly elected as the Fourth Deputy Speaker. (*Applause*)

ELECTION OF MEMBER
TO THE COMMITTEE ON RULES

REP. CASTRO. Mr. Speaker, I move to elect Rep. Ignacio T. Arroyo as additional member of the Committee on Rules.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)

The Chair hears none; the motion is approved.

The Honorable Arroyo is duly elected as member of the Committee on Rules.

ELECTION OF MEMBER
TO THE COMMITTEE ON NATIONAL DEFENSE

REP. CASTRO. Mr. Speaker, I move to elect Rep. Emmylou Taliño-Santos as additional member of the Committee on National Defense.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

The Honorable Taliño-Santos is duly elected as member of the Committee on National Defense.

SUSPENSION OF SESSION

REP. CASTRO. Mr. Speaker, may I ask for a suspension of session.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is suspended.

It was 2:43 a.m.

RESUMPTION OF SESSION

At 2:45 a.m., the session was resumed.

THE DEPUTY SPEAKER (Rep. Del Mar). The session is resumed.

REP. CASTRO. Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Del Mar). The Dep. Majority Leader is recognized.

ELECTION OF MEMBER TO THE SPECIAL
COMMITTEE ON PEACE AND RECONCILIATION

REP. CASTRO. Pursuant to the new Rules, I move to elect Rep. Satur C. Ocampo as member of the Special Committee on Peace and Reconciliation.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

The Honorable Satur C. Ocampo is declared elected as member of the Special Committee on Peace and Reconciliation.

ELECTION OF MEMBER TO THE COMMITTEE
ON AQUACULTURE AND FISHERIES RESOURCES

REP. CASTRO. Mr. Speaker, I move to elect Rep. Luis R. Villafuerte as member of the Committee on Aquaculture and Fisheries Resources pursuant to the new Rules of the House.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

Rep. Luis Villafuerte is duly elected as member of the Committee on Aquaculture and Fisheries Resources.

ELECTION OF MEMBER TO THE SPECIAL
COMMITTEE ON NORTHWEST LUZON QUADRANGLE

REP. CASTRO. Mr. Speaker, I move to elect Rep. Generoso DC. Tulagan as member of the Special Committee on Northwest Luzon Quadrangle.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

The Honorable Generoso DC. Tulagan is declared elected as member of the Special Committee on Northwest Luzon Quadrangle.

APPROVAL OF THE JOURNALS

REP. CASTRO. Mr. Speaker, I move to approve the Journals of October 25, 2004 and October 26, 2004.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

The Journals of October 25, 2004 and October 26, 2004 are approved.

CONSIDERATION OF H. RES. NO. 342

PERIOD OF SPONSORSHIP

REP. CASTRO. Mr. Speaker, I move that we consider House Resolution No. 342.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

REP. CASTRO. Mr. Speaker, since copies of the resolution have been previously distributed, I move that we dispense with the reading of the text of the resolution.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

Consideration of House Resolution No. 342 is now in order. With the permission of the Body, the Secretary General will read only the title of the resolution without prejudice to inserting in the Record the text thereof.

THE SECRETARY GENERAL. House Resolution No. 342, entitled: RESOLUTION EXPRESSING THE PROFOUND CONDOLENCE OF THE HOUSE OF REPRESENTATIVES ON THE DEMISE OF MRS. ROSARIO 'RIO' DIAZ-COJUANGCO, WIFE OF CONGRESSMAN CHARLIE COJUANGCO, REPRESENTATIVE, FOURTH DISTRICT OF NEGROS OCCIDENTAL.

The following is the text of the resolution:

HOUSE RESOLUTION NO. 342

Introduced by Reps. Jose De Venecia Jr., Prospero C. Nograles and Francis G. Escudero

RESOLUTION EXPRESSING THE PROFOUND CONDOLENCE OF THE HOUSE OF REPRESENTATIVES ON THE DEMISE OF MRS. ROSARIO 'RIO' DIAZ-COJUANGCO, WIFE OF CONGRESSMAN CHARLIE COJUANGCO, REPRESENTATIVE, FOURTH DISTRICT OF NEGROS OCCIDENTAL

WHEREAS, Mrs. Rosario Diaz-Cojuangco, wife of Honorable Charlie Cojuangco, Representative of the Fourth District of Negros Occidental, died on October 3, 2004, Sunday (Monday in Manila) at the Seton Hospital in Daly City, San Francisco, California, U.S.A. She died of cancer of the colon;

WHEREAS, "Rio," as she was fondly called, was a beauty titlist, commercial and ramp model, and television noontime host. She was also a loving daughter and sister, an affectionate wife to a busy, respectable politician-businessman, and a doting mother to Ali, Claudia and Jaime;

WHEREAS, Rio was an epitome of courage, compassion, and abiding faith in God, having battled the dreaded "C" for six years, after she was initially given only three months to live; brought joy and encouragement to other cancer patients; and never wavered in her conviction that God had a purpose, and in her own words "If I never had cancer, I would not have found this much love for others or received just as much love from them";

WHEREAS, her bravery in the face of adversity, joy and serenity despite pain and anxiety, compassion towards others with sickness is inspiring and worth emulating.

Truly, it can be said that she is a “sunshine girl” having brought love, kindness and service not only to her family and friends but also to her former constituents and those who have known her briefly;

WHEREAS, the passing away of Rio is an immeasurable loss not only to her family and friends but also to the townsfolk of Pontevedra, Negros Occidental, whom she served with fervor and dedication as their vice mayor for one term: Now, therefore, be it

RESOLVED BY THE HOUSE OF REPRESENTATIVES, To express, as it hereby espesses, its profound condolence on the demise of Rosario “Rio” Diaz-Cojuangco, wife of the Honorable Charlie Cojuangco, Representative of the Fourth District of Negros Occidental.

RESOLVED, FURTHER, That a copy of this resolution be furnished the bereaved family of the deceased.

ADOPTION OF H. RES. NO. 342

REP. CASTRO. Mr. Speaker, I move to adopt House Resolution No. 342.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

House Resolution No. 342 is hereby adopted.

REP. CASTRO. Mr. Speaker, I move that all Members of the House be made coauthors of House Resolution No. 342.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

All House Members are included as coauthors of House Resolution No. 342.

ADJOURNMENT OF SESSION

REP. CASTRO. Mr. Speaker, I move to adjourn and to resume on November 8, 2004 at four o'clock in the afternoon.

THE DEPUTY SPEAKER (Rep. Del Mar). Is there any objection? (*Silence*)
The Chair hears none; the motion is approved.

The session is adjourned until four o'clock in the afternoon of November 8, 2004.

It was 2:48 a.m.