

13<sup>th</sup> CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
*First Regular Session* )

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SENATE

RECEIVED BY: 

S. BILL NO. 1337

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*Introduced by Senator Ralph G. Recto*

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Explanatory Note

Year in, year out, Congress approves a national budget that is never enough to cover the needs of the public sector. Government's capacity to meet its fiscal needs rests on the ability of the revenue agencies' efficiency and effectiveness to collect and meet their respective collection goals.

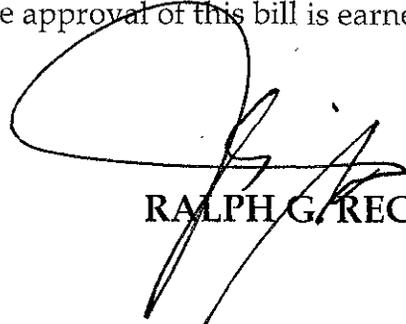
This bill proposes to allocate fifty percent (50%) of total value-added tax (VAT) collections for a period of five years beginning fiscal year 2004 to health (25%), education (50%), and agriculture (25%).

The allocation of these revenues will immediately respond to the inadequacy of primary and secondary education facilities by augmenting the capital outlay for schoolrooms and other similar facilities. It addresses the need for enhanced technical education by appropriating funds for the Technical Education and Skills Development Authority (TESDA). It provides for scholarships to qualified indigent students particularly in fourth to sixth-class municipalities to upgrade the quality of education of our citizenry.

All earmarked funds shall be spent in accordance with the built-in limitation intended to ensure the judicious use of such funds: that the earmarked funds cannot be used to augment the maintenance and other operating expenses of any national government agency or local government unit or their subdivisions.

It will also address insufficiency of emoluments for our health workers, including the long-overdue compensation of barangay health workers, an area which has not been given funding beyond support on a "best efforts" basis. It allocates funds for farm inputs, post-harvest facilities, and infrastructure support.

It is in this light that immediate approval of this bill is earnestly sought.

  
RALPH G. RECTO

13<sup>th</sup> CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
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'04 JUL -6 10:32

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S. BILL NO. 1337

*Introduced by Senator Ralph G. Recto*

AN ACT

**ALLOCATING FIFTY PERCENT OF VALUE-ADDED TAX COLLECTIONS TO HEALTH, EDUCATION, AND AGRICULTURE, THEREBY AMENDING THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED**

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

1 SECTION 1. A new section, to be numbered two hundred eighty-seven, shall be  
2 added to Chapter II, Title XI of the National Internal Revenue Code, to read as  
3 follows:

4

5 "SEC. 287. *DISPOSITION OF PROCEEDS OF VALUE-ADDED*  
6 *TAX. - (A) IN GENERAL. - FIFTY PERCENT (50%) OF THE VALUE-*  
7 *ADDED TAX COLLECTED UNDER TITLE IV OF THIS CODE SHALL BE*  
8 *ALLOCATED TO EXPENDITURES FOR EDUCATION, HEALTH, AND*  
9 *AGRICULTURE, FOR A PERIOD OF FIVE YEARS IN THE FOLLOWING*  
10 *PROPORTIONS:*

11	EDUCATION	50%
12	HEALTH	25%
13	AGRICULTURE	25%

14

15 (B) *ALLOCATION FOR EDUCATION. - OF THE TOTAL*  
16 *ALLOCATION FOR EDUCATION AS PROVIDED IN PARAGRAPH (A)*  
17 *HEREOF:*

18 (1) *ELEMENTARY AND SECONDARY EDUCATION. - FIFTY*  
19 *PERCENT (50%) SHALL BE ALLOCATED FOR ELEMENTARY*  
20 *AND SECONDARY EDUCATION FOR: (A) THE*  
21 *ACQUISITION AND IMPROVEMENT OF SITES; (B) THE*  
22 *CONSTRUCTION, REPLACEMENT, REHABILITATION AND*

1 REPAIR OF BUILDINGS, CLASSROOMS, LIBRARIES,  
2 WORKSHOPS, TOILETS AND OTHER STRUCTURES; AND  
3 (C) FURNITURE, FIXTURES, AND EQUIPMENT SUCH AS,  
4 BUT NOT LIMITED TO, DESKS, CHAIRS, LABORATORY  
5 AND WORKSHOP IMPLEMENTS, COMPUTERS, BOOKS,  
6 AND OTHER BASIC AND ESSENTIAL TOOLS FOR  
7 LEARNING WHOSE BENEFICIAL USE SHALL EXCEED ONE  
8 (1) YEAR. THIS FUND SHALL BE ADMINISTERED BY THE  
9 DEPARTMENT OF EDUCATION, CULTURE AND SPORTS.

10 (2) *TECHNICAL EDUCATION AND SKILLS DEVELOPMENT*  
11 *AUTHORITY (TESDA)*. - (A) TWENTY PERCENT (20%)  
12 SHALL BE ALLOCATED AS PROVIDED FOR IN SECTION 31  
13 OF REPUBLIC ACT NO. 7796, ESTABLISHING THE TESDA  
14 DEVELOPMENT FUND, WHICH SHALL BE UTILIZED  
15 EXCLUSIVELY FOR GRANTS AND ASSISTANCE TO  
16 TRAINING INSTITUTIONS, INDUSTRIES, LOCAL  
17 GOVERNMENT UNITS FOR UPGRADING THEIR  
18 CAPACITIES AND TO DEVELOP AND IMPLEMENT  
19 TRAINING ACTIVITIES. (B) TEN PERCENT (10%) SHALL BE  
20 ALLOCATED FOR SCHOLARSHIP GRANTS FOR  
21 TECHNICAL EDUCATION AND SKILLS DEVELOPMENT IN  
22 THE DIFFERENT REGIONS, AS PROVIDED FOR IN SECTION  
23 32 OF REPUBLIC ACT 7796, TO BE ADMINISTERED BY THE  
24 TESDA.

25 (3) *SCHOLARSHIP ASSISTANCE PROGRAM FOR QUALIFIED*  
26 *INDIGENT STUDENTS*. - TWENTY PERCENT (20%) SHALL  
27 BE ALLOCATED FOR SCHOLARSHIP GRANTS FOR  
28 QUALIFIED INDIGENT STUDENTS. PRIORITY SHALL BE  
29 GIVEN TO QUALIFIED INDIGENT STUDENTS COMING  
30 FROM FOURTH TO SIXTH-CLASS MUNICIPALITIES. THE  
31 SCHOLARSHIP FUND SHALL BE ADMINISTERED BY THE  
32 COMMISSION ON HIGHER EDUCATION (CHED).

33

1 (C) ALLOCATION FOR HEALTH. - OF THE TOTAL  
2 ALLOCATION FOR HEALTH AS PROVIDED IN PARAGRAPH (A)  
3 HEREOF:

4 (1) *BARANGAY HEALTH WORKERS.* - THIRTY PERCENT (30%)  
5 SHALL BE ALLOCATED FOR THE ALLOWANCE OF  
6 BARANGAY HEALTH WORKERS AS DEFINED BY  
7 REPUBLIC ACT NO. 7883. THE FUND SHALL BE  
8 ADMINISTERED BY THE DEPARTMENT OF HEALTH IN  
9 CONSULTATION WITH THE DEPARTMENT OF INTERIOR  
10 AND LOCAL GOVERNMENT.

11 (2) *PUBLIC HEALTH WORKERS.* - TWENTY PERCENT (20%)  
12 SHALL BE ALLOCATED FOR THE ADDITIONAL  
13 COMPENSATION FOR PUBLIC HEALTH OFFICERS AS  
14 PROVIDED FOR IN SECTION 20 OF REPUBLIC ACT NO.  
15 7305, OTHERWISE KNOWN AS THE MAGNA CARTA OF  
16 PUBLIC HEALTH WORKERS, TO BE ADMINISTERED BY  
17 THE DEPARTMENT OF HEALTH. HOWEVER, BARANGAY  
18 HEALTH WORKERS ALREADY INCLUDED IN THE  
19 PRECEDING PARAGRAPH SHALL BE EXCLUDED IN THIS  
20 SECTION.

21 (3) *FIELD HEALTH AND HOSPITAL SERVICES.* - TWENTY  
22 PERCENT (20%) SHALL BE ALLOCATED FOR MEDICINES  
23 AND MEDICAL EQUIPMENT FOR HEALTH FACILITIES  
24 DEVOLVED TO LOCAL GOVERNMENT UNITS UNDER  
25 REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE  
26 LOCAL GOVERNMENT CODE. THIS FUND SHALL BE  
27 ADMINISTERED BY THE DEPARTMENT OF HEALTH IN  
28 CONSULTATION WITH THE DEPARTMENT OF INTERIOR  
29 AND LOCAL GOVERNMENT.

30 (4) *NATIONAL HEALTH INSURANCE PROGRAM.* - THIRTY  
31 PERCENT (30%) SHALL BE ALLOCATED FOR THE  
32 NATIONAL HEALTH INSURANCE FUND, AS PROVIDED  
33 FOR IN SECTIONS 24 AND 46 OF REPUBLIC ACT NO. 7875,  
34 OTHERWISE KNOWN AS THE NATIONAL HEALTH

1 INSURANCE ACT OF 1995, TO BE ADMINISTERED BY THE  
2 PHILIPPINE HEALTH INSURANCE CORPORATION.

3  
4 (D) *ALLOCATION FOR AGRICULTURE* - THE WHOLE AMOUNT  
5 SHALL BE ALLOCATED FOR COMMUNAL IRRIGATION SYSTEMS,  
6 POST-HARVEST FACILITIES INCLUDING MECHANICAL AND  
7 SOLAR DRYERS AND WAREHOUSES, SEED AND ORGANIC  
8 FERTILIZER SUBSIDIES, AND FARM-TO-MARKET ROADS IN  
9 MUNICIPALITIES WITH SIGNIFICANT AGRICULTURAL ACTIVITIES,  
10 TO BE ADMINISTERED BY THE DEPARTMENT OF AGRICULTURE.

11  
12 (E) AT NO TIME SHALL ANY PORTION OF THE EARMARKED  
13 FUNDS BE USED TO AUGMENT MAINTENANCE AND OTHER  
14 OPERATING EXPENSES OF ANY NATIONAL GOVERNMENT  
15 AGENCY, GOVERNMENT OWNED OR CONTROLLED  
16 CORPORATIONS, LOCAL GOVERNMENT UNITS OR THEIR  
17 SUBDIVISIONS.

18  
19 SEC. 2. *Coverage of this Act.* - The allocation of value-added tax revenues  
20 shall commence in the fiscal year within which this Act shall take effect for a  
21 period of five (5) years.

22  
23 SEC. 3. *Repealing Clause.* - All laws, executive order, rules and regulations,  
24 or parts thereof, inconsistent with this Act are hereby repealed, amended or  
25 modified accordingly. The provisions of this Act shall not be repealed, amended  
26 or modified, unless expressly provided in subsequent general or special laws.

27  
28 SEC. 4. *Separability Clause.* - If, for any reason, any part or provision of this  
29 Code shall be held to be unconstitutional or invalid, other parts or provisions  
30 hereof which are not affected thereby shall continue to be in full force and effect.

31  
32 SEC. 5. *Effectivity.* - This Act shall take effect upon its approval.

33  
34 Approved,  
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