

SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

'13 SEP 10 AM 1:30

SENATE

Senate Bill No. 1603

RECEIVED BY: *ji*

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

It has long been a policy of the State to promote the electrification of the entire nation.

Under P.D. 269 (National Electrification Administration Decree), it was the policy of the state to provide "the total electrification of the Philippines on an area coverage basis" the same "being vital to the people and the sound development of the nation", and "to promote, encourage and assist all public service entities engaged in supplying electric service, particularly electric cooperatives" by "giving every tenable support and assistance".

The loss of the tax-exempt status of electric cooperatives under P.D. 269 has been affirmed by the Supreme Court on June 10, 2003 in G.R. No. 143-736 entitled "Philippine Rural Electric Cooperatives Association Inc. vs. The Secretary, Department of Interior and Local Government." The Supreme Court, in its decision, stated that the remedy of electric cooperatives under P.D. 269, to regain their tax-exempt status, is not judicial.

Electric cooperatives under P.D. 269 have complained that because of cumbersome legal and technical requirements, they cannot register or convert as stock cooperatives under R.A. No. 6938. These cooperatives are now facing severe difficulty to sustain their financial viability and strength because of the loss of their financial viability and strength due to the loss of their tax-exempt status.

To remedy the plight of electric cooperatives created under P.D. 269, there is now a need to amend Sections 196 and 234 (d) of the Local Government Code. This amendment will restore the tax-exemption privileges that electric cooperatives have enjoyed in the past.

In view of these, passage of this bill is earnestly recommended.


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT

TO RESTORE THE TAX EXEMPTION PRIVILEGES OF ELECTRIC COOPERATIVES CREATED UNDER P.D. 269, OTHERWISE KNOWN AS THE "NATIONAL ELECTRIFICATION ADMINISTRATION DECREE", AMENDING FOR THIS PURPOSE SECTION 193 AND 234 (d) OF R.A. NO. 7160 OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991"

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

SECTION 1. Section 193 of Republic Act No. 7160 is hereby amended to read as follows:

"Section 193. Withdrawal of Tax Exemption Privileges. - Unless otherwise provided in this Code, tax exemptions or incentives granted to, or presently enjoyed by all persons, whether natural or judicial, including government-owned AND controlled corporations, except local water districts, cooperatives duly registered under R.A. No. 6938, ELECTRIC COOPERATIVES DULY REGISTERED UNDER P.D. 269, non-stock and non-profit hospitals and educational institutions, are hereby withdrawn upon the effectivity of this Code."

SEC. 2. Section 234 (d) of Republic Act No. 7160 is hereby amended to read as follows:

"Section 234. Exemption from Real Property Tax. x x x

"(d) All real property owned by duly registered cooperatives as provided for under R.A. No. 6938 (;) and DULY REGISTERED ELECTRIC COOPERATIVES UNDER P.D. 269; x x x"

SEC. 3. Repealing Clause - All laws, decrees, executive order, and rules and regulations, or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SEC. 4. Separability Clause. - If, for any reason, any section or provisions of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected and thereby remain in full force and effect.

SEC. 5. Effectivity Clause - This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.

Approved,

[Illegible Signature]
