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SENATE  
Senate Bill No. **1834**

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By Senator **TEOFISTO "TG" L. GUINGONA III**

**EXPLANATORY NOTE**

The budget is to be a reflection of nation's vision, goals, and priorities.

When funds are appropriated for programs and other endeavors for the benefit of the nation, the duty of the Executive Branch is not to impound these funds, but to ensure that these funds are rightfully utilized and received by the entitled beneficiaries.

The Executive Branch, pursuant to its power to implement the law, including the appropriations duly made in the GAA, cannot unilaterally defeat the will of the people by refusing to spend the amounts thus appropriated, or spending these funds at a much delayed time.

While it is the duty of any government institution to make efficient use of its resources, it simultaneously is a breach of the same duty when these resources are not released for the benefit of the people and then later on, declared as savings of government. The duty pertains to efficient utilization of funds; not the refusal to spend the same.

When the Executive Branch, through the President, wishes to impound duly appropriated funds and in effect, defeat the will of the people as reflected in the budget, it must do so under the strictest of terms. It is also imperative that the approval of Congress, as representatives of the people whose will shall be defeated by an act of budgetary impoundment, is acquired.

With this, the passage of this bill is earnestly sought.

  
**TEOFISTO "TG" GUINGONA III**  
Senator

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Senate Bill No. 1834

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By Senator TEOFISTO "TG" L. GUINGONA III

**An Act Institutionalizing an Impoundment Control Act**

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

1 **Section 1. Title.** This Act shall be known as the *Impoundment Control Act of 2013*.

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3 **Section 2. Declaration of Policy.** It is hereby declared the policy of the State to formulate and  
4 implement a National Budget that is an instrument of national development, reflective of national  
5 objectives, strategies and plans. The State shall develop and implement a National Budget within the  
6 framework of accountability, transparency, stability, performance, and participation. The budget shall  
7 be supportive of and consistent with the socio-economic development plan and shall be oriented  
8 towards the achievement of explicit objectives and expected results, to ensure that funds are utilized  
9 and operations are conducted effectively, economically and efficiently. The national budget shall be  
10 formulated within the context of a regionalized government structure and borrowings of all levels of  
11 government and of government-owned or controlled corporations. The budget shall likewise be  
12 prepared within the context of the national long-term plan and of a long-term budget program.

13  
14 **Section 3. Definition of Terms.** For purposes of this Act:

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16 a. *Impoundment:* the refusal of the President to spend duly appropriated funds or to delay the spending  
17 of the same. Impoundment may be through:

18  
19 a1. *Rescission:* any Executive action that results to the cancellation of all or part of an  
20 enacted appropriation, which has not yet been spent or obligated

21  
22 b2. *Deferral:* any Executive action that temporarily withholds the release of all or part  
23 of an enacted appropriation, which has not yet been spent or obligated

24  
25 b. *Duly appropriated funds:* refers to the appropriations included in the annual General Appropriations  
26 Act.

27  
28 c. *Impoundment Proposal:* refers to the Presidential message sent to both houses of Congress that  
29 contains the request for the rescission or deferral of duly appropriated funds.

30  
31 d. *Impoundment Resolution:* means a joint resolution of the House of Representatives and the Senate  
32 which expresses Congressional approval of the request contained in the President's impoundment  
33 proposal.

34  
35 **Section 4. Impoundment Proposal.** An impoundment proposal must be transmitted to both houses of  
36 Congress, through the Committee on Finance of the Senate and the Committee on Appropriations of the  
37 House of Representatives, whenever the President, with the recommendation and certification of the  
38 Department of Budget and Management (DBM) determines that all or part of any duly appropriated  
39 fund:

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41 a) will not be required to fulfill the objectives of the programs, projects, or any other endeavor

1 originally sought to be achieved by the same appropriation, and/or

2  
3 b) must be rescinded or deferred for fiscal policy and other reasons (including the termination  
4 of authorized projects or activities for which funds have been duly appropriated.  
5  
6

7 **Section 5. Contents of the Impoundment Proposal.** Whenever the President transmits an  
8 impoundment proposal for the rescission or deferral of duly appropriated funds, the following  
9 information must be indicated:

10 a) the amount proposed to be rescinded or deferred;

11  
12 b) the affected account, department, project, program, branch, and other recipient in  
13 Government;

14  
15 c) the reasons why these duly appropriated funds are to be rescinded or deferred;

16  
17 d) the estimated fiscal, economic, and budgetary effects of the rescission proposal or deferral

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19 e) the effect of the rescission proposal or deferral on the objects, purposes, and programs for  
20 which the amount was provided, to the maximum extent possible;

21  
22 f) for deferrals, indicate the period of time for which the deferral proposal is to be implemented.  
23 A deferral may not be proposed for any period of time extending beyond the end of the fiscal year in  
24 which the impoundment proposal is transmitted to both houses of Congress; and

25  
26 g) any other relevant facts, circumstances, and considerations relating to or bearing upon the  
27 proposed rescission or deferral and the decision to effect the proposed rescission or the deferral, and to  
28 the maximum extent practicable, the estimated effect of the proposed rescission or deferral upon the  
29 objects, purposes, and programs for which the funds have been appropriated.  
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32  
33 **Section 6. Impoundment Resolution.** Both houses of Congress must act on the proposed rescission or  
34 deferral within forty-five (45) days after the receipt of the impoundment proposal from the President by  
35 issuing a joint Impoundment Resolution. Within the same period of forty-five (45)calendar days  
36 mentioned above, the specific fund indicated in the Impoundment Proposal must not, in any way, be  
37 rescinded or deferred in relation to the purposes and objectives for which it was appropriated.  
38 Congressional inaction, within the 45-day period, is equivalent to a disapproval of the impoundment  
39 proposal.  
40

41 **Section 7. Period for Transmittal of Impoundment Proposal.** The President shall transmit an  
42 impoundment proposal to both houses of Congress at any time during the budget year but not later than  
43 the fifteenth day of October of the budget year.  
44

45 **Section 8. Impounded Funds: Classification, Status, and Reversion.** Unexpended funds at the end  
46 of the year shall be considered as impounded funds. At the end of year, impounded funds shall revert  
47 to the National Treasury. The same shall not be made available for expenditure for any purpose without  
48 Congressional action by way of legislation.  
49

50 **Section 9. Prohibitions in relation to rescinded or deferred funds.**

51 Impounded funds shall:

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53 a) not be made available for expenditure for any purpose except by way of legislation; and

54  
55 b) not, at any time within the budget year, be proposed for rescission or deferral again.  
56  
57

58 **Section 10. Betrayal of Public Trust.** Failure, on the part of the President, to comply with the  
59 requirements for impoundment within the given period, as provided in this Act, amounts to a grave

1 betrayal of public trust.

2

3 **Section 11. Separability.** Provisions herein which may be declared unconstitutional shall not revoke  
4 the effectivity and enforcement of other provisions of this act.

5

6 **Section 12. Repealing clause.** All laws, decrees, executive orders, rules and regulations, and other  
7 issuances inconsistent with this act are hereby repealed or amended accordingly.

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9 **Section 13. Effectivity.** This Act shall take effect after thirty (30) days from publication.

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12 APPROVED,