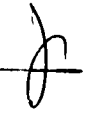




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**SENATE**

**S.B. No. 1199**

RECEIVED BY: 

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Introduced by **Senator JOSEPH VICTOR G. EJERCITO**

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**AN ACT**

**ABOLISHING THE IMPOSITION OF IRRIGATION SERVICE FEES  
AND SUCH OTHER RELATED FEES, AMENDING FOR THE  
PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT NO. 3601,  
PRESIDENTIAL DECREE NO. 552 AND PRESIDENTIAL DECREE  
NO. 1702**

**EXPLANATORY NOTE**

Section 9, Article II of the 1987 Philippine Constitution provides that:  
*"The State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all."*

The Philippines is considered as an agricultural country. Consisting 32 percent agricultural lands out of the country's total land area with 51% and 44% arable and permanent croplands, respectively. According to the Philippine Statistics Authority, share of agriculture sector in the country's GDP is 10% for the year 2014 and provides 30% share in the Country's total employment.

However, despite its apparent importance to the country's economic value, locally produced products consistently dropped due to the propagation of cheaper imported agricultural products in the country, which is expected to worsen with the full implementation of the ASEAN Free Trade Agreement.

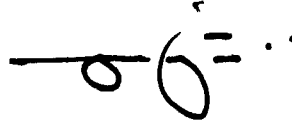
Irrigation is one of the primordial costs in the structure for different agricultural products. It highly affects cost and volume in agricultural productivity and is crucial in the production of basic local commodities.

This bill seeks the elimination of irrigation service fees collected by the National Irrigation Administration (NIA) and the institutionalization of a

genuinely just program that will accelerate irrigation development nationwide.

This bill was originally filed by Congressman Fernando Hicap of Anakpawis in close coordination with farmers organizations, irrigators associations and stakeholders in the agriculture sector.

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

A handwritten signature in black ink, consisting of a horizontal line followed by a stylized 'J' and 'E'.

JOSEPH VICTOR G. EJERCITO



'16 OCT 11 P5:59

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**AN ACT**  
**ABOLISHING THE IMPOSITION OF IRRIGATION SERVICE FEES**  
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**PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT NO. 3601,**  
**PRESIDENTIAL DECREE NO. 552 AND PRESIDENTIAL DECREE**  
**NO. 1702**

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

- 1    **Section 1. Short Title.** - "This Act shall be known as the "Free Irrigation  
2    **Services Act of 2016."**  
3
- 4    **Sec. 2. Declaration of Policy.** - It is hereby declared the policy of the State to  
5    adhere to the principle of integrated and holistic approach of support services  
6    for cost-cutting measures in order to alleviate the farmer's destitute state, and  
7    nurture them to unleash their full potential as productive forces of society.  
8
- 9        The State adheres to promote comprehensive rural development  
10    through increased agricultural production and the adoption of necessary and  
11    sound measures to accelerate the achievement of food sovereignty, equitable  
12    access to opportunities and sustained productivity as key strategies to raise  
13    the quality of life in rural areas and overall national development.  
14
- 15        Toward this objective, it shall endeavor to provide the necessary and  
16    vital support services and assistance to farmers, including but not limited to  
17    inputs to production, production support, post-harvest facilities and  
18    irrigation services.
- 19    **Sec. 3. Termination of the Collection of Fees.** - The collection of irrigation  
20    service fees (ISFs) and such other similar or related fees from beneficiaries of

1 irrigation systems funded and constructed by, or under the administration of  
2 the National Irrigation Administration (NIA), including the collection of back  
3 accounts and the corresponding penalties thereof, shall all be terminated  
4 upon the passage of this Act.

5  
6  
7 **Sec. 4. Cancellation of Back Accounts and Penalties.** - Back accounts and  
8 corresponding penalties shall be cancelled and terminated upon the passage  
9 of this Act.

10  
11  
12 **Sec. 5. Construction of National Irrigation Systems.** - For the purpose of  
13 ensuring the necessary construction of irrigation systems administered by the  
14 NIA, the NIA shall be allowed to procure a loan in addition to the necessary  
15 inclusion of fund for construction of National Irrigation System in the annual  
16 General Appropriations Act (GAA).

17  
18  
19 **Sec. 6. Government Subsidy for the Management of Irrigation Systems.** -  
20 The State shall provide the necessary subsidies to farmers and irrigators  
21 associations and cooperatives to ensure the effective and grassroots-based  
22 management of irrigation systems, the funding of which shall be included in  
23 the Department of Agriculture's annual GAA.

24  
25  
26 **Sec 7. Repeal of Section 2, Paragraph (c) of Republic Act No. 3601 entitled**  
27 **"An Act Creating the National Irrigation Administration".** Section 2 is  
28 hereby amended to read as follows:

29  
30 "Section 2. Powers and objectives. The NIA shall have the following  
31 powers and objectives:

32 x x x x  
33

34 (c) To collect from the users of each irrigation system constructed  
35 by it such fees as may be necessary to finance the continuous  
36 operation of the system and reimburse within a certain period not  
37 less than twenty-five years the cost of construction thereof;

38  
39 x x x x  
40

41 **Sec. 8. Repeal of Section 1, Paragraph (b) of Presidential Decree (PD) No.**  
42 **552 entitled "Amending Certain Sections of Republic Act Numbered**  
43 **Thirty-Six Hundred and One, entitled, "An Act Creating the National**  
44 **Irrigation Administration".** Section 1. Section 2, Republic Act Numbered  
45 Thirty-Six Hundred and one, is hereby amended to read as follows:  
46

1 "Section 2. Powers and Objectives. — The NIA shall have the  
2 following powers and objectives:  
3

4 x x x x  
5

6 (b) To charge and collect from the beneficiaries of the water from all  
7 irrigation systems constructed by or under its administration, such  
8 fees or administration charges as may be necessary to cover the cost  
9 of operation, maintenance and insurance, and to recover the cost of  
10 construction within a reasonable period of time to the extent  
11 consistent with government policy; to recover funds or portions  
12 thereof expended for the construction and/or rehabilitation of  
13 communal irrigation systems which funds shall accrue to a special  
14 fund for irrigation development under section 2 hereof;  
15

16 Unpaid irrigation fees or administration charges shall be preferred  
17 liens, first, upon the land benefited, and then on the crops raised  
18 thereon, which liens shall have preference over all other liens except  
19 for taxes on the land, and such preferred liens shall not be removed  
20 until all fees or administration charges are paid or the property is  
21 levied upon and sold by the National Irrigation Administration for  
22 the satisfaction thereof. Judicial actions for the collection of unpaid  
23 irrigation fees or charges, drainage fees or other charges which the  
24 National Irrigation Administration is authorized to impose and  
25 collect, shall henceforth be governed by the provisions of the Rules  
26 of Court of the Philippines for similar actions, the provisions of  
27 other laws to the contrary notwithstanding.  
28

29 x x x x  
30

31 **Sec. 9. Repeal of Section 1, Paragraph (b) of Presidential Decree No. 1702 -**  
32 **entitled, "Amending Section 3 of Republic Act No. 3601, As Amended by**  
33 **Presidential Decree No. 552". "Section 3 of Republic Act No. 3601, as**  
34 **amended by Section 3, Presidential Decree No. 552, is hereby amended to**  
35 **read as follows:**  
36

37 x x x x  
38

39 (b) Operating Capital. — All amounts collected by the National  
40 Irrigation Administration as irrigation fees, administration charges,  
41 drainage fees, equipment rentals, proceeds from the sale of  
42 unserviceable equipment and materials, sale of all reparation goods  
43 allocated to the defunct Irrigation Service Unit and the National  
44 Irrigation Administration, and all other income shall be added to its  
45 operating capital.  
46

The National Irrigation Administration is hereby authorized to impose as an administration and engineering overhead charge, 5% of the total cost of projects undertaken by it, which shall likewise form part of its operating capital.

**X X X X**

**Sec. 10. Separability Clause.** – If any provision or part hereof, is held invalid or unconstitutional, the remainder of the law or the provision thereof shall remain valid and subsisting.

**Sec. 11. Repealing Clause.** – Any law, presidential decree, issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent with, the provisions of this Act or may be construed either expressly or impliedly, to grant the National Irrigation Administration the power to levy any kind of irrigation fee or any kind of monetary imposition is hereby repealed, modified, or amended accordingly.

**Sec. 12. Effectivity.** – This Act shall take effect fifteen (15) days after its publication in the Official Gazette.

**Approved.**