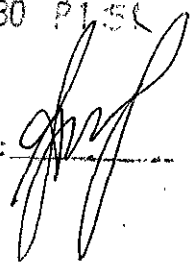


FOURTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

7 JUN 30 1956
RECEIVED BY: 

SENATE

S. No. 102

INTRODUCED BY THE HONORABLE MAR ROXAS

EXPLANATORY NOTE

President Ramon Magsaysay once said, "Those who have less in life must have more in law." This bill seeks to give life to that principle by plowing back to the people the heroic sacrifices that an increase in consumption tax requires from them. The temptation to use these additional revenues for shortsighted political gains instead of long-term, permanent solutions to real problems is inherent in any administration. The key is to acknowledge and enshrine by law the reality that the country's greatest asset is its people, hence the need for systematic, strategic investments for better brains and better bodies.

In the last Congress, Republic Act 9337 was passed, increasing the value-added tax (VAT) to 12% and imposing the same to electricity and fuel. The law was passed to save the government from a fiscal crisis, and it entailed the people's sacrifice to do so.

It is in this spirit that the creation of a People's Fund is sought. The People's Fund shall be comprised of thirty percent (30%) of all proceeds from the VAT collected under Title IV of the National Internal Revenue Code. This portion estimates the share of incremental revenues from RA 9337, the Expanded Value-Added Tax law, which increased to 12% the VAT and removed the exemption

These proceeds shall be allotted and deposited in a separate trust fund or account to be created within the National Treasury. The said portion shall be derived from all proceeds from the VAT after the share of the Bureau of Internal Revenue from actual VAT collections in excess of its collection goal, as provided for in Section 285 of this Act.

To ensure that the People's Fund will cater to the people's needs, the President is asked to embark on broad consultations through the different departments and agencies of government on a 3-year utilization plan for public education and health. As envisioned, these revenues will help close the resource gaps in teachers' training and salaries, infrastructure needs like classrooms and school buildings, among others. In the area of health, these funds will alleviate problems concerning substandard government hospitals and clinics, lack of medical personnel and equipment, malnutrition especially among children and minors, among others.

The 3-year utilization plan to be submitted by the President to Congress for approval would ensure continuity of programs and a more programmatic approach in resolving

perennial problems rather than the usual incremental application of resources that never quite closes these gaps.

Passage of this measure shall also prevent the use of VAT resources under the People's Fund to augment the maintenance and other operating expenses of any national government agency and/or government-controlled corporation, local government unit or any office under their supervision. Funding for such expenses can be sourced from traditional sources of revenues such as income taxes, customs collections, and other fees attached to government services.

The creation of a People's Fund provides the vehicle for putting people first, in the areas where more funds are needed to make a difference in their futures.

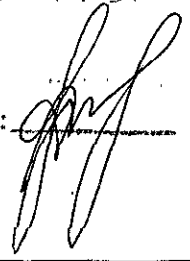


M A R ROXAS
Senator

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

7 JUN 30 P 1:51

SENATE

RECEIVED BY: 

S. No. 102

INTRODUCED BY THE HONORABLE MAR ROXAS

AN ACT
CREATING A "PEOPLE'S FUND," EARMARKING ALL PROCEEDS
FROM THE VALUE-ADDED TAX TO THE SAID FUND, FOR THE EXCLUSIVE
ALLOCATION TO THE EDUCATION AND HEALTH NEEDS OF OUR PEOPLE,
AMENDING FOR THIS PURPOSE 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. *Short Title.* This Act shall be known as the "People's Fund Act."

2 SEC 2. *Declaration of Policy.* It is the policy of the State to exercise transparency and
3 good governance in the utilization of public funds, and to ensure that such funds be used to
4 uplift the lives of the common folk.

5 It is the policy of the State to protect and promote the right of all citizens to quality
6 education at al levels, and to take appropriate steps to make such education accessible to all.
7 Likewise, it is the policy of the State to adopt an integrated and comprehensive approach to
8 health development, to make essential goods health and other social services available to all
9 people at affordable cost, and to endeavor to provide free medical care to indigents.

10 In this light, it is hereby declared the policy of the State to ensure that taxes collected
11 from the people are returned to them in the form of meaningful public education and

1 healthcare services, with the end-view of enabling and empowering them to participate in
2 nation-building.

3 SEC 3. Paragraph (D) of Section 288 of this Code, as amended, is hereby deleted.

4 SEC 4. A new Chapter, to be referred to as Chapter II-A, shall be inserted within Title
5 XI and after Section 289 of Chapter II of the same Title of the National Internal Revenue
6 Code, as amended, to read as follows:

“CHAPTER II-A
SPECIAL DISPOSITION OF THE VALUE-ADDED TAX

7 “(A) *CREATION OF A PEOPLE’S FUND.* THIRTY PERCENT (30%)
8 OF ALL PROCEEDS FROM THE VALUE-ADDED TAX (VAT) COLLECTED
9 UNDER TITLE IV OF THIS CODE, AS AMENDED, SHALL BE ALLOTTED
10 AND DEPOSITED IN A SEPARATE TRUST FUND OR ACCOUNT TO BE
11 CREATED WITHIN THE NATIONAL TREASURY, TO BE REFERRED
12 HEREIN AS THE “PEOPLE’S FUND.”.

13 THE SAID PORTION SHALL BE DERIVED FROM ALL PROCEEDS
14 FROM THE VAT AFTER THE SHARE OF THE BUREAU OF INTERNAL
15 REVENUE FROM ACTUAL VAT COLLECTIONS IN EXCESS OVER THE
16 COLLECTION GOAL, AS PROVIDED FOR IN SECTION 285 OF THIS ACT,
17 HAS BEEN DERIVED.

18 NOTHING IN THIS ACT SHALL DIMINISH THE ALLOTMENT TO
19 LOCAL GOVERNMENT UNITS FROM THE VAT, AS PROVIDED FOR BY

1 REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL
2 GOVERNMENT CODE OF 1991.

3 “(B) *ALLOCATION AND APPROPRIATION*. THE PEOPLE’S FUND
4 SHALL SOLELY AND EXCLUSIVELY BE USED FOR PUBLIC EDUCATION
5 AND HEALTH SERVICES TO THE PEOPLE OF THE PHILIPPINES.
6 ANNUAL DEPOSITS TO THE SAID FUND SHALL BE EARMARKED, WITH
7 FIFTY PER CENTUM (50%) EACH, FOR EDUCATION AND FOR HEALTH,
8 PARTICULARLY IN ADDRESSING RESOURCE GAPS INCLUDING, BUT
9 NOT LIMITED TO, INFRASTRUCTURE, FACILITIES, PERSONNEL AND
10 SUPPLIES.

11 “THE PRESIDENT, IN CONSULTATION WITH THE RELEVANT
12 DEPARTMENTS AND WITH THE BROADEST SECTORS, SHALL PREPARE
13 A UTILIZATION PLAN COVERING THREE (3) FISCAL YEARS FOR THE
14 UTILIZATION OF THE SAID FUND, INCLUDING: 1) PROJECTIONS OF
15 PROCEEDS FROM VAT FOR THE SAID THREE (3) FISCAL YEARS, AS
16 WELL AS ACTUAL SAVINGS FROM VAT IN THE PREVIOUS YEARS, AS
17 DEPOSITED IN THE PEOPLE’S FUND; AND 2) RESOURCE GAPS AND
18 OTHER REQUIREMENTS FOR THE PROVISION OF MEANINGFUL
19 PUBLIC EDUCATION AND HEALTH SERVICES.

20 “SUCH THREE-YEAR PLAN SHALL BE FOLLOWED BY THE
21 PRESIDENT IN THE PREPARATION OF THE GENERAL
22 APPROPRIATIONS ACT FOR THE COVERED YEARS. ALLOCATIONS
23 FROM THE PEOPLE’S FUND SHALL BE INDICATED IN THE GENERAL

1 APPROPRIATIONS ACT AS ITEMS SEPARATE FROM ALLOCATIONS
2 FROM REGULAR FUND SOURCES.

3 "THE PEOPLE'S FUND SHALL NOT, AT ANY TIME AND IN ANY
4 WAY, BE USED TO AUGMENT THE MAINTENANCE AND OTHER
5 OPERATING EXPENSES OF ANY NATIONAL GOVERNMENT AGENCY,
6 GOVERNMENT OWNED OR CONTROLLED CORPORATION, LOCAL
7 GOVERNMENT UNIT OR THEIR SUBDIVISIONS.

8 "(C) *ALLOCATION FOR EDUCATION.* OF THE TOTAL
9 ALLOCATION FOR PUBLIC EDUCATION SERVICES AS PROVIDED FOR
10 IN PARAGRAPH (B) HEREOF, THE FOLLOWING PROPORTIONS SHALL
11 BE EARMARKED TO THE FOLLOWING:

12 (1) THIRTY PERCENT (30%) FOR THE ACQUISITION AND
13 IMPROVEMENT OF SCHOOL SITES, THE CONSTRUCTION,
14 REHABILITATION AND REPAIR OF SCHOOL BUILDINGS
15 FOR PRE-SCHOOL, ELEMENTARY AND HIGH SCHOOL;
16 *PROVIDED*, THAT THE ALLOCATION OF SUCH FUNDS
17 SHALL BE SUBJECT TO THE PROVISIONS OF REPUBLIC
18 ACT NO. 7880, OTHERWISE KNOWN AS THE FAIR AND
19 EQUITABLE ACCESS TO EDUCATION LAW;

20 (2) TEN PERCENT (10%) FOR THE ACQUISITION,
21 REPLACEMENT AND REPAIR OF CLASSROOM
22 FURNITURE, FIXTURES AND EQUIPMENT, SUCH AS, BUT
23 NOT LIMITED TO, DESKS, CHAIRS, LABORATORY AND

1 WORKSHOP EQUIPMENT, COMPUTERS, AMONG OTHERS,
2 FOR PRE-SCHOOL, ELEMENTARY AND HIGH SCHOOL;

3 (3) TEN PERCENT (10%) FOR THE DEVELOPMENT,
4 ACQUISITION AND REPLACEMENT OF LEARNING
5 MATERIALS SUCH AS, BUT NOT LIMITED TO, TEXTBOOKS,
6 TEACHING AIDS, REFERENCE AND OTHER LIBRARY
7 BOOKS, COMPUTER PROGRAMS , AMONG OTHERS, FOR
8 PRE-SCHOOL, ELEMENTARY AND HIGH SCHOOL;

9 (4) TWENTY PERCENT (20%) FOR THE HIRING AND
10 COMPENSATION OF PRE-SCHOOL, ELEMENTARY AND
11 HIGH-SCHOOL TEACHERS AND PRINCIPALS, AND FOR
12 THE DEVELOPMENT AND ADMINISTRATION OF
13 MEANINGFUL TRAINING PROGRAMS AND OTHER
14 PROJECTS FOR THEIR CAPACITY BUILD-UP;

15 (5) TEN PERCENT (10%) FOR THE RESEARCH, DEVELOPMENT
16 AND IMPLEMENTATION OF A MEANINGFUL IN-SCHOOL
17 SUPPLEMENTARY NUTRITION PROGRAM, AS WELL AS
18 FOR IN-SCHOOL HEALTH SERVICES FOR PRE-SCHOOL,
19 ELEMENTARY AND HIGH SCHOOL STUDENTS; AND

20 (6) TWENTY PERCENT (20%) FOR STUDENT FINANCING IN
21 TECHNICAL-VOCATIONAL AND TERTIARY EDUCATION,
22 INCLUDING SCHOLARSHIPS AND OTHER FINANCIAL
23 SUPPORT FOR DESERVING AND/OR INDIGENT STUDENTS,
24 AND FOR LOANS TO STUDENTS WHICH COULD BE PAID

1 BACK, WITH MINIMAL INTEREST AND REASONABLE
2 TERMS, AFTER GRADUATION.

3 "(D) *ALLOCATION FOR HEALTH.* OF THE TOTAL ALLOCATION
4 FOR PUBLIC HEALTH SERVICES AS PROVIDED FOR IN PARAGRAPH (B)
5 HEREOF, THE FOLLOWING PROPORTIONS SHALL BE EARMARKED TO
6 THE FOLLOWING:

7 (1) TWENTY PERCENT (20%) FOR THE CONSTRUCTION,
8 REHABILITATION AND REPAIR OF PUBLIC HEALTH
9 INFRASTRUCTURE INCLUDING, BUT NOT LIMITED TO,
10 GOVERNMENT HOSPITALS AND HEALTH CENTERS, AS
11 WELL AS FOR HEALTHCARE FACILITIES, EQUIPMENT
12 AND OTHER IMPLEMENTS;

13 (2) TWENTY PERCENT (20%) FOR THE HIRING AND
14 COMPENSATION OF DOCTORS, NURSES, MIDWIVES AND
15 OTHER HEALTHCARE WORKERS, AND FOR THE
16 DEVELOPMENT AND ADMINISTRATION OF MEANINGFUL
17 TRAINING PROGRAMS AND OTHER PROJECTS FOR THEIR
18 CAPACITY BUILD-UP;

19 (3) TEN PERCENT (10%) FOR THE ADMINISTRATION OF
20 MATERNAL AND REPRODUCTIVE HEALTHCARE;

21 (4) TEN PERCENT (10%) FOR DISEASE PREVENTION
22 PROGRAMS INCLUDING, BUT NOT LIMITED TO,
23 IMMUNIZATION PROGRAMS FOR INDIGENTS,

1 EDUCATION AND AWARENESS PROGRAMS AND
2 CAMPAIGNS, AMONG OTHERS;

3 (5) TWENTY PERCENT (20%) FOR THE DETECTION AND
4 CONTROL OF INFECTIOUS AND OTHER DISEASES
5 CAUSING HIGH MORTALITY AND MORBIDITY RATES, AS
6 WELL AS THE CONTROL OF OUTBREAKS AND OTHER
7 HEALTH EMERGENCIES; AND

8 (6) TEN PERCENT (20%) FOR THE DEVELOPMENT AND
9 IMPLEMENTATION OF PROGRAMS TO IMPROVE
10 SANITATION AND THE QUALITY OF WATER.

11 “(E) *REPORTS TO CONGRESS.* THE OFFICE OF THE PRESIDENT,
12 IN CONSULTATION WITH THE DEPARTMENT OF FINANCE, THE
13 DEPARTMENT OF BUDGET AND MANAGEMENT, THE DEPARTMENT
14 OF EDUCATION AND THE DEPARTMENT OF HEALTH, SHALL SUBMIT
15 TO CONGRESS, BEFORE OR AT THE END OF EACH FISCAL YEAR, A
16 REPORT ON THE DISPOSITION OF THE PEOPLE’S FUND, INCLUDING,
17 BUT NOT LIMITED TO, THE FOLLOWING INFORMATION:

18 (1) REVENUES FROM THE COLLECTION OF VAT, AND THE
19 CORRESPONDING SHARE OF THE PEOPLE’S FUND FROM
20 SUCH, FOR THE SAID YEAR COMPARED WITH REVENUES
21 FROM THE COLLECTION OF VAT FOR THE PRECEEDING
22 TEN (10) YEARS;

23 (2) PROJECTIONS OF REVENUES FROM COLLECTION OF THE
24 VAT, AND THE CORRESPONDING SHARE OF THE

1 PEOPLE'S FUND FROM SUCH, FOR AT LEAST THE
2 FOLLOWING THREE (3) YEARS;

3 (3) STATUS OF THE ACTUAL IMPLEMENTATION OF THE
4 THREE-YEAR UTILIZATION PLAN, AS PREPARED BY THE
5 PRESIDENT, COMPARED WITH TARGETS SET IN THE SAID
6 PLAN; AND

7 (4) OTHER INFORMATION ON THE DISPOSITON OF THE
8 FUND, AS MAY BE DEEMED NECESSARY BY THE OFFICE
9 OF THE PRESIDENT, OR AS MAY BE REQUIRED BY
10 CONGRESS OR ANY OF ITS MEMBERS.

11 "THE NATIONAL TREASURER SHALL LIKEWISE SUBMIT TO
12 CONGRESS, BEFORE OR AT THE END OF EACH FISCAL YEAR, THE
13 STATUS OF THE PEOPLE'S FUND, INCLUDING THE FOLLOWING
14 INFORMATION:

15 (1) DEPOSITS MADE TO THE SAID FUND FOR THE FISCAL
16 YEAR COVERED;

17 (2) SAVINGS RETAINED IN THE SAID FUND FROM THE
18 PRECEEDING FISCAL YEARS, DISAGGREGATED TO
19 SAVINGS FROM EDUCATION AND SAVINGS FROM
20 HEALTH;

21 (3) WITHDRAWALS MADE FROM THE SAID FUND, AS
22 AUTHORIZED BY THIS ACT AND BY THE GENERAL
23 APPROPRIATIONS ACT PREPARED FOR THE YEAR
24 COVERED.

1 (4) OTHER INFORMATION ON THE FUND, AS MAY BE
2 DEEMED NECESSARY BY THE NATIONAL TREASURY, OR
3 AS MAY BE REQUIRED BY CONGRESS OR ANY OF ITS
4 MEMBERS.

5 “(F) *MIDTERM REVIEW*. CONGRESS SHALL MAKE A REVIEW OF
6 THE IMPLEMENTATION OF THIS CHAPTER AT THE END OF EVERY
7 THREE YEARS COVERED BY THE UTILIZATION PLAN, AS PREPARED
8 BY THE PRESIDENT, OR WHENEVER DEEMED NECESSARY BY
9 CONGRESS THROUGH A JOINT RESOLUTION.

10 “THE CONGRESSIONAL OVERSIGHT COMMITTEE, AS CREATED
11 IN SECTION 290 OF THIS CODE, AS AMENDED, SHALL CONDUCT THIS
12 MIDTERM REVIEW, TOGETHER WITH THE CHAIRMEN OF THE
13 FOLLOWING STANDING COMMITTEES OF CONGRESS:

14 (1) THE COMMITTEE ON APPROPRIATIONS OF THE HOUSE
15 OF REPRESENTATIVES, AND THE COMMITTEE ON
16 FINANCE OF THE SENATE;

17 (2) THE COMMITTEE ON BASIC EDUCATION AND CULTURE
18 OF THE HOUSE OF REPRESENTATIVES, AND THE
19 COMMITTEE ON EDUCATION OF THE SENATE; AND

20 (3) THE COMMITTEE ON HEALTH OF THE HOUSE OF
21 REPRESENTATIVES, AND THE COMMITTEE OF HEALTH
22 AND DEMOGRAPHY OF THE SENATE.

23 “THE SAID REVIEW SHALL BE WITH THE END-VIEW OF
24 MAKING RECOMMENDATIONS ON THE UTILIZATION OF THE

1 PEOPLE'S FUND AS SPECIFIED IN PARAGRAPHS (C) AND (D) OF THIS
2 CHAPTER, AND TO ANY OTHER PROVISION OF THIS CHAPTER. ANY
3 PROPOSED CHANGES THROUGH THIS CHAPTER SHALL BE PROPOSED
4 BY THE COMMITTEE, AND THEREBY APPROVED BY CONGRESS
5 FOLLOWING THE APPROPRIATE LEGISLATIVE PROCEDURE AS
6 SPECIFIED IN THE CONSTITUTION.

7 **SEC 5. *Repealing Clause.*** All other laws, executive order, rules and regulations, or
8 parts thereof, inconsistent with this Act are hereby repealed, amended or modified
9 accordingly. The provisions of this Act shall not be repealed, amended or modified, unless
10 expressly provided in subsequent general or special laws.

11 **SEC 6. *Separability Clause.*** - If, for any reason, any part or provision of this Code shall
12 be held to be unconstitutional or invalid, other parts or provisions hereof which are not
13 affected thereby shall continue to be in full force and effect.

14 **SEC 7. *Effectivity.*** - This Act shall take effect upon its approval.

Approved,