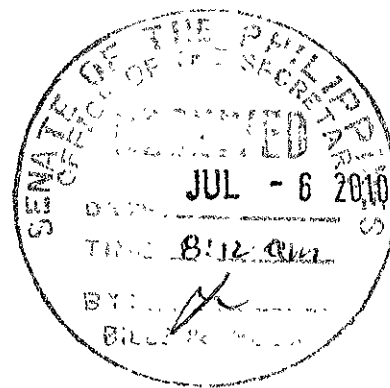


**FIFTEENTH CONGRESS OF THE REPUBLIC  
OF THE PHILIPPINES**  
*First Regular Session*

SENATE

S. B. No. 154



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**Introduced by Senator Ralph G. Recto**

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**Explanatory Note**

Agriculture is the foundation of the rural economy. Aside from providing the nation with the basic necessities of food and raw materials, the sector also provides employment to one-fifth of the country's population. A force that drives the economy, the agriculture sector contributes an annual 18% to the country's GDP despite the onslaught of typhoons, drought, pests, diseases, and high cost of fertilizers. As such, agriculture is regarded as the nation's weapon against poverty and hunger.

The growth of the sector however, has not been enough to improve the overall labor productivity in the sector. Data on employment in the agriculture sector from the National Statistics Office (NSO) show that from January 2004 to January 2009, the employment in the sector grew by only 679,268 jobs compared to the MTPDP target of 2 million jobs. Comparative yield, production cost and price data on various agricultural commodities show that the gains posted by the country were not at pace with those of its neighbors. As a result, the comparative advantage of Philippine agriculture continued to decline resulting in our country increasingly becoming a net importer of agricultural products since 1994.

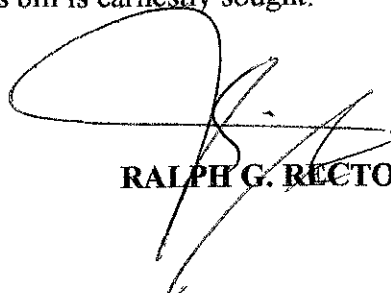
These setbacks were mainly due to: low public and private investments in the sector, higher cost of farm inputs, high postharvest losses due to inadequate equipment and infrastructure, poor postharvest handling practices, and inadequate skills and technical support, among others. Investments in agriculture continued to lag behind the actual food requirements of our increasing population. Thus, poverty and inequity have remained a challenge in the countryside.

Funding support for agriculture is necessary because it leads to greater productivity, which in turn translates to stable prices of commodities, and more affordable food on the table.

This bill allocates funds for farm inputs, post-harvest facilities, and infrastructure support. In order to promote agribusiness as a tool for countryside development, this bill also provides funding support to livelihood programs, capability programs/trainings, and microfinance.

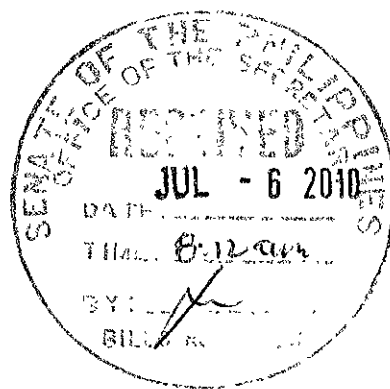
Since agriculture plays a major role in the generation of incomes and employment in the countryside, the development of the sector is essential and should be given additional budgetary support.

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



**RALPH G. RECTO**

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



SENATE

S. BILL NO. 154

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Introduced by Senator Ralph G. Recto

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AN ACT  
ALLOCATING FIVE PERCENT (5%) OF ANNUAL VALUE-ADDED TAX  
COLLECTIONS TO FINANCE AGRICULTURE EXPENDITURES AMENDING FOR  
THE PURPOSE THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS  
AMENDED

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

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

3  
4           "SEC. 287. *DISPOSITION OF PROCEEDS OF VALUE-ADDED TAX.* -FIVE  
5 PERCENT (5%) OF THE VALUE-ADDED TAX COLLECTED UNDER TITLE IV OF THIS  
6 ACT, AS AMENDED, SHALL BE ALLOCATED TO THE FOLLOWING AGRICULTURE  
7 EXPENDITURES:

- 8  
9           1.) TWENTY PERCENT (20%) FOR CONSTRUCTION, REHABILITATION AND  
10 RESTORATION OF COMMUNAL IRRIGATION SYSTEMS;  
11           2.) TEN PERCENT (10%) FOR POST-HARVEST FACILITIES INCLUDING  
12 MECHANICAL AND SOLAR DRYERS AND WAREHOUSES;  
13           3.) TEN PERCENT (10%) FOR SEED AND ORGANIC FERTILIZER SUBSIDIES;  
14           4.) TWENTY PERCENT (20%) FOR FARM-TO-MARKET ROADS IN  
15 MUNICIPALITIES WITH SIGNIFICANT AGRICULTURAL ACTIVITIES;  
16           5.) TEN PERCENT (10%) FOR LIVESTOCK DISPERSAL PROGRAM;  
17           6.) TEN PERCENT (10%) FOR TRAINING/CAPABILITY BUILDING PROGRAMS  
18 FOR AGRICULTURAL EXTENSION WORKERS AND THEIR CLIENTELE;  
19           7.) TEN PERCENT (10%) FOR MICROFINANCE LENDING PROGRAMS TO  
20 FINANCE SMALLHOLDER AGRICULTURE;  
21           8.) TEN PERCENT (10%) FOR THE ESTABLISHMENT AND MAINTENANCE OF  
22 MARICULTURE AND AQUACULTURE PARKS.

1 THE FUND SHALL BE ADMINISTERED BY THE DEPARTMENT OF  
2 AGRICULTURE (DA) IN CONSULTATION WITH THE LOCAL GOVERNMENT UNIT  
3 CONCERNED.

4  
5 ASIDE FROM THE ABOVE ITEMS OF EXPENSES, AT NO TIME SHALL ANY  
6 PORTION OF THE EARMARKED FUNDS BE USED TO AUGMENT PERSONAL  
7 SERVICES AND OTHER MAINTENANCE AND OTHER OPERATING EXPENSES.

8  
9 SEC. 2. The succeeding Sections of the National Internal Revenue Code are hereby  
10 renumbered accordingly.

11  
12 *SEC. 3. Coverage of this Act.* - The allocation of value-added tax revenues shall  
13 commence in the fiscal year within which this Act shall take effect.

14  
15 *SEC. 4. Separability Clause.* - If any part or provision of this Act shall be held to be  
16 unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall  
17 continue to be in full force and effect.

18  
19 *SEC. 5. Repealing Clause.* - All laws, decrees, executive orders, rules and regulations, or  
20 parts thereof which are inconsistent with this Act are hereby repealed, amended or modified  
21 accordingly.

22  
23 *SEC. 6. Effectivity.* - This Act shall take effect upon its approval.

24  
*Approved,*