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SENATE

Senate Bill No. 771

RECEIVED BY: 

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

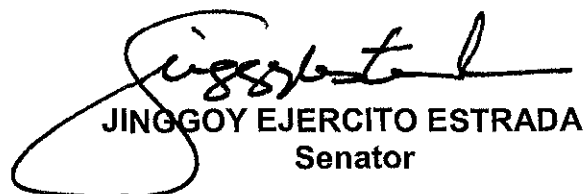
EXPLANATORY NOTE

This bill provides for the creation of a creation of a People's Fund which shall comprise 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.


JINGGOY EJERCITO ESTRADA
Senator

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Senate Bill No. 771

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[Signature]

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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:

SECTION 1. Short Title. This Act shall be known as the "**People's Fund Act.**"

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

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

In this light, it is hereby declared the policy of the State to ensure that taxes collected from the people are returned to them in the form of meaningful public education and healthcare services, with the end-view of enabling and empowering them to participate in nation-building.

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

SEC. 4. A new Chapter, to be referred to as Chapter 11-A, shall be inserted within Title XI and after Section 289 of Chapter 11 of the same Title of the National Internal Revenue Code, as amended, to read as follows:

"CHAPTER 11-A
SPECIAL DISPOSITION OF THE VALUE-ADDED TAX

"(A) CREATION OF A PEOPLE'S FUND. THIRTY PERCENT (30%) OF ALL PROCEEDS FROM THE VALUE-ADDED TAX (VAT) COLLECTED UNDER TITLE IV OF THIS CODE, AS AMENDED, SHALL BE ALLOTTED AND DEPOSITED IN A SEPARATE TRUST FUND OR

ACCOUNT TO BE CREATED WITHIN THE NATIONAL TREASURY, TO BE REFERRED HEREIN AS THE "PEOPLES FUND."

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 OVER THE COLLECTION GOAL, AS PROVIDED FOR IN SECTION 285 OF THIS ACT, HAS BEEN DERIVED.

NOTHING IN THIS ACT SHALL DIMINISH THE ALLOTMENT TO LOCAL GOVERNMENT UNITS FROM THE VAT, AS PROVIDED FOR BY REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991.

"(B) ALLOCATION AND APPROPRIATION. THE PEOPLE'S FUND SHALL SOLELY AND EXCLUSIVELY BE USED FOR PUBLIC EDUCATION AND HEALTH SERVICES TO THE PEOPLE OF THE PHILIPPINES. ANNUAL DEPOSITS TO THE SAID FUND SHALL BE EARMARKED, WITH FIFTY PER CENTUM (50%) EACH, FOR EDUCATION AND FOR HEALTH, PARTICULARLY IN ADDRESSING RESOURCE GAPS INCLUDING, BUT NOT LIMITED TO, INFRASTRUCTURE, FACILITIES, PERSONNEL AND SUPPLIES.

"THE PRESIDENT, IN CONSULTATION WITH THE RELEVANT DEPARTMENTS AND WITH THE BROADEST SECTORS, SHALL PREPARE A UTILIZATION PLAN COVERING THREE (3) FISCAL YEARS FOR THE UTILIZATION OF THE SAID FUND, INCLUDING 1) PROJECTIONS OF PROCEEDS FROM VAT FOR THE SAID THREE (3) FISCAL YEARS, AS WELL AS ACTUAL SAVINGS FROM VAT IN THE PREVIOUS YEARS, AS DEPOSITED IN THE PEOPLE'S FUND; AND 2) RESOURCE GAPS AND OTHER REQUIREMENTS FOR THE PROVISION OF MEANINGFUL PUBLIC EDUCATION AND HEALTH SERVICES.

"SUCH THREE-YEAR PLAN SHALL BE FOLLOWED BY THE PRESIDENT IN THE PREPARATION OF THE GENERAL APPROPRIATIONS ACT FOR THE COVERED YEARS. ALLOCATIONS FROM THE PEOPLES FUND SHALL BE INDICATED IN THE GENERAL APPROPRIATIONS ACT AS ITEMS SEPARATE FROM ALLOCATIONS FROM REGULAR FUND SOURCES.

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

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

- (1) THIRTY PERCENT (30%) FOR THE ACQUISITION AND IMPROVEMENT OF SCHOOL SITES, THE CONSTRUCTION, REHABILITATION AND REPAIR OF SCHOOL BUILDINGS FOR PRE-SCHOOL, ELEMENTARY AND HIGH SCHOOL: *PROVIDED*, THAT THE ALLOCATION OF SUCH FUNDS SHALL BE SUBJECT

TO THE PROVISIONS OF REPUBLIC ACT NO. 7880, OTHERWISE KNOWN AS THE FAIR AND EQUITABLE ACCESS TO EDUCATION LAW,

(2) TEN PERCENT (10%) FOR THE ACQUISITION, REPLACEMENT AND REPAIR OF CLASSROOM FURNITURE, FIXTURES AND EQUIPMENT, SUCH AS, BUT NOT LIMITED TO, DESKS, CHAIRS, LABORATORY AND WORKSHOP EQUIPMENT, COMPUTERS, AMONG OTHERS, FOR PRE-SCHOOL, ELEMENTARY AND HIGH SCHOOL;

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

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

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

(6) TWENTY PERCENT (20%) FOR STUDENT FINANCING IN TECHNICAL-VOCATIONAL AND TERTIARY EDUCATION, INCLUDING SCHOLARSHIPS AND OTHER FINANCIAL SUPPORT FOR DESERVING AND/OR INDIGENT STUDENTS, AND FOR LOANS TO STUDENTS WHICH COULD BE PAID BACK, WITH MINIMAL INTEREST AND REASONABLE TERMS, AFTER GRADUATION.

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

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

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

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

(4) TEN PERCENT (10%) FOR DISEASE PREVENTION PROGRAMS INCLUDING, BUT NOT LIMITED TO, IMMUNIZATION PROGRAMS FOR INDIGENTS, EDUCATION AND AWARENESS PROGRAMS AND CAMPAIGNS, AMONG OTHERS;

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

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

"(E) *REPORT TO CONGRESS.* THE OFFICE OF THE PRESIDENT, IN CONSULTATION WITH THE DEPARTMENT OF FINANCE, THE DEPARTMENT OF BUDGET AND MANAGEMENT, THE DEPARTMENT OF EDUCATION AND THE DEPARTMENT OF HEALTH, SHALL SUBMIT TO CONGRESS, BEFORE OR AT THE END OF EACH FISCAL YEAR, A REPORT ON THE DISPOSITION OF THE PEOPLE'S FUND, INCLUDING, BUT NOT LIMITED TO, THE FOLLOWING INFORMATION:

(1) REVENUES FROM THE COLLECTION OF VAT, AND THE CORRESPONDING SHARE OF THE PEOPLES FUND FROM SUCH, FOR THE SAID YEAR COMPARED WITH REVENUES FROM THE COLLECTION OF VAT FOR THE PRECEEDING TEN (10) YEARS;

(2) PROJECTIONS OF REVENUES FROM COLLECTION OF THE VAT, AND THE CORRESPONDING SHARE OF THE PEOPLE'S FUND FROM SUCH, FOR AT LEAST THE FOLLOWING THREE (3) YEARS;

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

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

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

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

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

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

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

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

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

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

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

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

"THE SAID REVIEW SHALL BE WITH THE END-VIEW OF MAKING RECOMMENDATIONS ON THE UTILIZATION OF THE PEOPLE'S FUND AS SPECIFIED IN PARAGRAPHS (C) AND (D) OF THIS CHAPTER, AND TO ANY OTHER PROVISION OF THIS CHAPTER. ANY PROPOSED CHANGES THROUGH THIS CHAPTER SHALL BE PROPOSED BY THE COMMITTEE, AND THEREBY APPROVED BY CONGRESS FOLLOWING THE APPROPRIATE LEGISLATIVE PROCEDURE AS SPECIFIED IN THE CONSTITUTION.

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

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

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

Approved,