



Congressional Record

PLENARY PROCEEDINGS OF THE 18th CONGRESS, FIRST REGULAR SESSION

House of Representatives

Vol. 2

Monday, September 2, 2019

No. 14

CALL TO ORDER

At 5:00 p.m., Deputy Speaker Evelina G. Escudero called the session to order.

THE DEPUTY SPEAKER (Rep. Escudero). The session is called to order.

Please rise for the invocation to be led by Representative Jericho Jonas B. Nograles of Party-List PBA.

Everybody rose for the Invocation.

INVOCATION

REP. NOGRALES (J.B.). *Almighty Father, we pray that You constantly remind us of our duty to be servants of the people.*

Bless us with selflessness and understanding, that we may transcend our differences in beliefs and ideals to work as one House of the People.

May we be able to fulfill our mandate to consult, debate and shape legislation for a better tomorrow for our nation.

We also ask for justice to those slain in the line of duty, especially our colleague from the Fifteenth, Sixteenth and Seventeenth Congresses, former Congressman Rodel Batocabe.

*These we ask through Christ our Lord.
Amen.*

THE DEPUTY SPEAKER (Rep. Escudero). Amen.

NATIONAL ANTHEM

THE DEPUTY SPEAKER (Rep. Escudero). Please remain standing for the singing of the National Anthem.

Everybody remained standing for the singing of the Philippine National Anthem.

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

REP. ANDAYA. Mme. Speaker, I move that we defer the calling of the roll.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Majority Leader is recognized.

APPROVAL OF THE JOURNALS

REP. ANDAYA. Mme. Speaker, I move that we approve Journal No. 12 dated August 27, 2019, and Journal No. 13 dated August 28, 2019.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the Journals mentioned are now approved.

The Majority Leader is recognized.

REP. ANDAYA. Mme. Speaker, I move that we now proceed with the Reference of Business, and may I request that the Secretary General be directed to read the same.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General is directed to read the Reference of Business.

REFERENCE OF BUSINESS

The Secretary General read the following House Bills and Resolutions on First Reading, Communications and Committee Reports, and the Deputy Speaker made the corresponding references:

BILLS ON FIRST READING

House Bill No. 4101, entitled:

“AN ACT GRANTING THE FRANCHISE OF THE PANAY ELECTRIC COMPANY, INC. ORIGINALLY GRANTED UNDER ACT NO. 2983 AND REPUBLIC ACT NO. 5360

AND EXTENDED BY THE NATIONAL ELECTRIFICATION COMMISSION TO ESTABLISH, OPERATE, AND MAINTAIN A DISTRIBUTION SYSTEM FOR THE CONVEYANCE OF ELECTRIC POWER TO END USERS IN THE CITY OF ILOILO”

By Representative Paduano
TO THE COMMITTEE ON LEGISLATIVE FRANCHISES

House Bill No. 4102, entitled:

“AN ACT AMENDING SECTIONS 15 AND 16 OF ARTICLE V OF RA NO. 10611, OTHERWISE KNOWN AS THE ‘FOOD SAFETY ACT OF 2013’ ”

By Representative Rodriguez
TO THE COMMITTEE ON GOVERNMENT REORGANIZATION

House Bill No. 4103, entitled:

“AN ACT MODERNIZING THE BUREAU OF IMMIGRATION, DEFINING ITS POWER AND FUNCTION, EXPANDING, RATIONALIZING AND FURTHER PROFESSIONALIZING ITS ORGANIZATION, UPGRADING THE COMPENSATION AND BENEFITS OF ITS OFFICIALS AND EMPLOYEES, AND APPROPRIATING FUNDS THEREFOR”

By Representative Rodriguez
TO THE COMMITTEE ON JUSTICE

House Bill No. 4104, entitled:

“AN ACT FURTHER AMENDING SECTION 21 OF REPUBLIC ACT NO. 9165, AS AMENDED BY REPUBLIC ACT 10640 OTHERWISE KNOWN AS THE ‘COMPREHENSIVE DANGEROUS DRUGS ACT OF 2002’, AND FOR OTHER PURPOSES”

By Representative Rodriguez
TO THE COMMITTEE ON DANGEROUS DRUGS

House Bill No. 4105, entitled:

“AN ACT PROVIDING FOR THE DEFINITION OF PUBLIC UTILITY, FURTHER AMENDING FOR THE PURPOSE COMMONWEALTH ACT NO. 146, OTHERWISE KNOWN AS THE ‘PUBLIC SERVICE ACT,’ AS AMENDED”

By Representative Rodriguez
TO THE COMMITTEE ON ECONOMIC AFFAIRS

House Bill No. 4106, entitled:

“AN ACT AMENDING SECTIONS 4 AND 8 OF

REPUBLIC ACT NO. 7042, AS AMENDED, OTHERWISE KNOWN AS THE ‘FOREIGN INVESTMENTS ACT OF 1991’ ”

By Representative Rodriguez
TO THE COMMITTEE ON ECONOMIC AFFAIRS AND THE COMMITTEE ON TRADE AND INDUSTRY

House Bill No. 4107, entitled:

“AN ACT MANDATING THE PHILIPPINE MERCHANT MARINE ACADEMY (PMMA) TO SELECT ONE CADET FROM EACH CONGRESSIONAL DISTRICT EVERY YEAR TO COMPRISE ITS INCOMING CLASS”

By Representative Rodriguez
TO THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

House Bill No. 4108, entitled:

“AN ACT PROMOTING AND SUPPORTING THE DEVELOPMENT OF THE CORN INDUSTRY, ESTABLISHING THE PHILIPPINE CORN INDUSTRY DEVELOPMENT AUTHORITY (CORNDEV), APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Rodriguez
TO THE COMMITTEE ON AGRICULTURE AND FOOD

House Bill No. 4109, entitled:

“AN ACT PROMOTING OPEN ACCESS IN DATA TRANSMISSION, PROVIDING ADDITIONAL POWERS TO THE NATIONAL TELECOMMUNICATIONS COMMISSION”

By Representative Abaya
TO THE COMMITTEE ON INFORMATION AND COMMUNICATIONS TECHNOLOGY

House Bill No. 4110, entitled:

“AN ACT STRENGTHENING THE POWERS OF THE NATIONAL TELECOMMUNICATIONS COMMISSION, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7925, OTHERWISE KNOWN AS THE PUBLIC TELECOMMUNICATIONS POLICY ACT OF THE PHILIPPINES”

By Representative Abaya
TO THE COMMITTEE ON INFORMATION AND COMMUNICATIONS TECHNOLOGY

House Bill No. 4111, entitled:

“AN ACT MANDATING THE ESTABLISHMENT AND MAINTENANCE OF A RAINWATER

HARVESTING FACILITY IN ALL NEW INSTITUTIONAL, COMMERCIAL, AND RESIDENTIAL DEVELOPMENT PROJECTS IN METRO MANILA”

By Representatives Lopez and Reyes
TO THE COMMITTEE ON METRO MANILA DEVELOPMENT

House Bill No. 4112, entitled:

“AN ACT ADOPTING THE INTEGRATED RIVER BASIN MANAGEMENT APPROACH AS A COMPREHENSIVE FRAMEWORK IN DEVELOPING AND MANAGING THE COUNTRY'S RIVER BASIN SYSTEMS AND FOR OTHER PURPOSES”

By Representative Villarica
TO THE COMMITTEE ON NATURAL RESOURCES

House Bill No. 4113, entitled:

“AN ACT ENSURING THE FULL IMPLEMENTATION OF FUNDAMENTAL EQUALITY BEFORE THE LAW OF WOMEN AND MEN, AMENDING FOR THE PURPOSE ARTICLES 14, 96, 124, 211 AND 225 OF EXECUTIVE ORDER NO. 209 OTHERWISE KNOWN AS THE FAMILY CODE OF THE PHILIPPINES”

By Representative Villarica
TO THE COMMITTEE ON WOMEN AND GENDER EQUALITY

House Bill No. 4114, entitled:

“AN ACT CREATING THE NATIONAL WATER RESOURCES MANAGEMENT AUTHORITY AND APPROPRIATING FUNDS THEREFOR”

By Representative Villarica
TO THE COMMITTEE ON GOVERNMENT REORGANIZATION AND THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

House Bill No. 4115, entitled:

“AN ACT ESTABLISHING AN ONLINE NETWORK FOR THE PHILIPPINES”

By Representative Villarica
TO THE COMMITTEE ON INFORMATION AND COMMUNICATIONS TECHNOLOGY

House Bill No. 4116, entitled:

“AN ACT INSTITUTING INCLUSIVE EDUCATION, ESTABLISHING INCLUSIVE EDUCATION LEARNING RESOURCE CENTERS FOR CHILDREN AND YOUTH WITH SPECIAL NEEDS IN ALL PUBLIC

SCHOOLS DIVISIONS, PROVIDING FOR STANDARDS AND GUIDELINES, AND APPROPRIATING FUNDS THEREFOR”

By Representative Villarica
TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE

House Bill No. 4117, entitled:

“AN ACT INCREASING THE PENALTY FOR OVERLOADING OF PASSENGERS IN PUBLIC UTILITY VEHICLES AMENDING FOR THE PURPOSE R.A. NO. 4136 ENTITLED ‘LAND TRANSPORTATION AND TRAFFIC CODE’”

By Representative Villarica
TO THE COMMITTEE ON TRANSPORTATION

House Bill No. 4118, entitled:

“AN ACT PROVIDING FOR SAFETY MEASURES FOR CULVERTS OR OTHER SIMILAR FLOOD OR DRAINAGE SYSTEMS MAINTAINED BY GOVERNMENT ENTITIES”

By Representative Villarica
TO THE COMMITTEE ON PUBLIC WORKS AND HIGHWAYS

House Bill No. 4119, entitled:

“AN ACT REVERTING FISHPONDS WHICH HAVE BEEN UNUTILIZED OR ABANDONED FOR A PERIOD OF THREE (3) YEARS TO FORESTLANDS, AMENDING FOR THE PURPOSE SECTION 43 OF PRESIDENTIAL DECREE NO. 705 OTHERWISE KNOWN AS THE REVISED FORESTRY REFORM CODE OF THE PHILIPPINES”

By Representative Villarica
TO THE COMMITTEE ON NATURAL RESOURCES

House Bill No. 4120, entitled:

“AN ACT MANDATING ALL EMPLOYERS IN THE PRIVATE AND PUBLIC SECTORS, INCLUDING ALL GOVERNMENT OFFICES, AGENCIES AND INSTRUMENTALITIES, TO PROVIDE, FREE OF CHARGE, CLEAN, HEALTHY, SUFFICIENT AND ACCESSIBLE DRINKING WATER TO ALL ITS EMPLOYEES”

By Representative Villarica
TO THE COMMITTEE ON LABOR AND EMPLOYMENT AND THE COMMITTEE ON CIVIL SERVICE AND PROFESSIONAL REGULATION

House Bill No. 4121, entitled:

“AN ACT PROHIBITING THE APPROPRIATION, ENCROACHMENT, REGISTRATION AND TITLING OF CREEKS, ESTEROS, STREAMS, CANALS, RIVER BANKS, OTHER PUBLIC WATERWAYS AND PROVIDING PENALTIES THEREOF”

By Representative Villarica
TO THE COMMITTEE ON JUSTICE

House Bill No. 4122, entitled:

“AN ACT REQUIRING DRIVER'S EDUCATION FOR ALL PROFESSIONAL TRUCK DRIVERS AND APPROPRIATING FUNDS THEREFOR”

By Representative Villarica
T O T H E C O M M I T T E E O N
TRANSPORTATION

House Bill No. 4123, entitled:

“AN ACT FOR THE REAPPORTIONMENT OF THE FIRST LEGISLATIVE DISTRICT AND SECOND LEGISLATIVE DISTRICT OF AGUSAN DEL NORTE INTO THE LONE LEGISLATIVE DISTRICT OF BUTUAN CITY AND THE LONE LEGISLATIVE DISTRICT OF THE PROVINCE OF AGUSAN DEL NORTE”

By Representatives Fortun and Amante-Matba
T O T H E C O M M I T T E E O N
LOCAL GOVERNMENT

House Bill No. 4124, entitled:

“AN ACT MANDATING THE ESTABLISHMENT AND MAINTENANCE OF A RAINWATER HARVESTING FACILITY IN ALL NEW INSTITUTIONAL, COMMERCIAL, AND RESIDENTIAL DEVELOPMENT PROJECTS IN METRO MANILA”

By Representative Belmonte
T O T H E C O M M I T T E E O N
METRO MANILA DEVELOPMENT

House Bill No. 4125, entitled:

“AN ACT PRESCRIBING A CODE OF CONDUCT FOR THE EVICTION OF UNDERPRIVILEGED AND HOMELESS CITIZENS OR THE DEMOLITION OF THEIR DWELLINGS, PROVIDING PENALTIES FOR VIOLATION THEREOF, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBERED 7279, OTHERWISE KNOWN AS THE ‘URBAN DEVELOPMENT AND HOUSING ACT OF 1992’ ”

By Representative Belmonte

TO THE COMMITTEE ON HOUSING AND URBAN DEVELOPMENT

House Bill No. 4126, entitled:

“AN ACT PROVIDING FOR THE CONSTRUCTION OF THE PANGASINAN EAST-WEST ARTERIAL ROAD IN THE PROVINCE OF PANGASINAN”

By Representative Guico
T O T H E C O M M I T T E E O N
PUBLIC WORKS AND HIGHWAYS

House Bill No. 4127, entitled:

“AN ACT ESTABLISHING A NATIONAL TRANSITION PROGRAM FOR FILIPINO STUDENTS WITH SPECIAL EDUCATION NEEDS AND FOR OTHER PURPOSES”

By Representative Guico
T O T H E C O M M I T T E E O N
BASIC EDUCATION AND CULTURE

House Bill No. 4128, entitled:

“AN ACT CREATING AND ESTABLISHING THE PHILIPPINE HIGH SCHOOL FOR SPORTS”

By Representative Tan (Alyssa)
T O T H E C O M M I T T E E O N
BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON YOUTH AND SPORTS DEVELOPMENT

House Bill No. 4129, entitled:

“AN ACT PROVIDING FOR FARE DISCOUNT PRIVILEGES TO TEACHERS ON ALL MODES OF PUBLIC TRANSPORTATION, INSTITUTIONALIZING MECHANISM THEREFOR AND FOR OTHER PURPOSES”

By Representative Lacson
T O T H E C O M M I T T E E O N
TRANSPORTATION

House Bill No. 4130, entitled:

“AN ACT TO INCREASE CAMPUS SECURITY AND CRIME AWARENESS, INSTALLING CLOSED-CIRCUIT TELEVISION (CCTV) CAMERAS IN ALL SCHOOLS AND PROVIDING FUNDS THEREFOR”

By Representative Lacson
T O T H E C O M M I T T E E O N
PUBLIC ORDER AND SAFETY

House Bill No. 4131, entitled:

“AN ACT PROVIDING FOR THE ESTABLISHMENT OF E-LIBRARIES IN ALL PUBLIC SCHOOLS IN THE PHILIPPINES AND PROVIDING FUNDS THEREFOR”

By Representative Lacson
TO THE COMMITTEE ON BASIC EDUCATION
AND CULTURE

House Bill No. 4132, entitled:

“AN ACT PROVIDING FOR A RELIABLE INTERNET SPEED CONNECTION IN THE PHILIPPINES, INSTITUTIONALIZING MINIMUM SPEED REQUIREMENTS FOR COMPLIANCE OF ALL INTERNET SERVICE PROVIDERS, AND FOR OTHER PURPOSES”

By Representative Lacson
TO THE COMMITTEE ON INFORMATION AND
COMMUNICATIONS TECHNOLOGY

House Bill No. 4133, entitled:

“AN ACT ESTABLISHING A DR. EMILIO B. ESPINOSA SR. – MASBATE STATE UNIVERSITY CAMPUS IN THE MUNICIPALITY OF CLAVERIA, PROVINCE OF MASBATE, TO BE KNOWN AS ‘DEBESMSU-CLAVERIA CAMPUS’, AND APPROPRIATING FUNDS THEREFOR”

By Representative Bravo
TO THE COMMITTEE ON HIGHER AND
TECHNICAL EDUCATION

House Bill No. 4134, entitled:

“AN ACT PROVIDING FOR ADDITIONAL SUPPORT AND COMPENSATION FOR EDUCATORS IN BASIC EDUCATION”

By Representative Espino
TO THE COMMITTEE ON APPROPRIATIONS

House Bill No. 4135, entitled:

“AN ACT TO PROMOTE RURAL HEALTH BY PROVIDING FOR AN ACCELERATED PROGRAM FOR THE CONSTRUCTION OF A POTABLE WATER SUPPLY SYSTEM IN EVERY BARANGAY IN THE COUNTRY WITHIN THREE YEARS”

By Representative Espino
TO THE COMMITTEE ON HEALTH

House Bill No. 4136, entitled:

“AN ACT TO STRENGTHEN, MODERNIZE AND PROFESSIONALIZE THE AGRICULTURAL SERVICES OF THE LOCAL GOVERNMENT UNITS, AMENDING PROVISIONS OF THE LOCAL GOVERNMENT CODE OF 1991”

By Representatives Romero and Pineda
TO THE COMMITTEE ON LOCAL
GOVERNMENT

House Bill No. 4137, entitled:

“AN ACT AMENDING REPUBLIC ACT NO. 10912, OTHERWISE KNOWN AS THE CONTINUING PROFESSIONAL DEVELOPMENT ACT OF 2016”

By Representatives Romero and Pineda
TO THE COMMITTEE ON CIVIL SERVICE
AND PROFESSIONAL REGULATION
AND THE COMMITTEE ON HIGHER AND
TECHNICAL EDUCATION

House Bill No. 4138, entitled:

“AN ACT ESTABLISHING THE SOUTHERN PALAWAN SPECIAL ECONOMIC ZONE IN THE PROVINCE OF PALAWAN, CREATING FOR THE PURPOSE THE SOUTHERN PALAWAN SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

By Representative Abueg-Zaldivar
TO THE COMMITTEE ON ECONOMIC AFFAIRS
AND THE COMMITTEE ON TRADE AND
INDUSTRY

House Bill No. 4139, entitled:

“AN ACT INSTITUTIONALIZING THE NURSE DEPLOYMENT PROJECT (NDP) OF THE DEPARTMENT OF HEALTH (DOH) TO BE ASSIGNED IN LOCALLY-FUNDED HOSPITAL IN EVERY MUNICIPALITY, CITY AND PROVINCE AND APPROPRIATING FUNDS THEREFOR”

By Representative Ty
TO THE COMMITTEE ON HEALTH

House Bill No. 4140, entitled:

“AN ACT PROVIDING FOR THE INSTITUTIONALIZATION OF THE CONDITIONAL MATCHING GRANT TO PROVINCES (CMGP) FOR LOCAL ROAD AND BRIDGE REPAIR, REHABILITATION AND IMPROVEMENT”

By Representative Chatto
TO THE COMMITTEE ON PUBLIC WORKS
AND HIGHWAYS

House Bill No. 4141, entitled:

“AN ACT ALLOWING AND REGULATING THE USE OF MOTORCYCLES AS PUBLIC UTILITY VEHICLES, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 4136, OTHERWISE KNOWN AS THE LAND TRANSPORTATION AND TRAFFIC CODE, AND FOR OTHER PURPOSES”

By Representative Chatto
TO THE COMMITTEE ON
TRANSPORTATION

House Bill No. 4142, entitled:

“AN ACT INCREASING THE BED CAPACITY OF THE CONGRESSMAN NATALIO P. CASTILLO, SR. MEMORIAL HOSPITAL (CNCMH) IN THE MUNICIPALITY OF LOON, PROVINCE OF BOHOL, FROM TWENTY-FIVE (25) TO ONE HUNDRED (100) BEDS, UPGRADING ITS PROFESSIONAL HEALTH CARE SERVICES AND FACILITIES, AUTHORIZING THE INCREASE IN ITS MEDICAL PERSONNEL, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 6781, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

By Representative Chatto
TO THE COMMITTEE ON HEALTH

House Bill No. 4143, entitled:

“AN ACT PROVIDING FOR THE ESTABLISHMENT OF A TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY (TESDA) TRAINING AND ACCREDITATION CENTER IN THE MUNICIPALITY OF LOON, PROVINCE OF BOHOL, AND APPROPRIATING FUNDS THEREFOR”

By Representative Chatto
TO THE COMMITTEE ON HIGHER AND
TECHNICAL EDUCATION

House Bill No. 4144, entitled:

“AN ACT ESTABLISHING A THIRTY (30)-BED DISTRICT SATELLITE HOSPITAL OF THE CAGAYAN VALLEY MEDICAL CENTER IN BARANGAY PINILI, MUNICIPALITY OF ABULUG, PROVINCE OF CAGAYAN VALLEY, TO BE KNOWN AS THE CAGAYAN VALLEY MEDICAL CENTER – ABULUG EXTENSION SATELLITE HOSPITAL, AND APPROPRIATING FUNDS THEREFOR”

By Representative Vargas Alfonso
TO THE COMMITTEE ON HEALTH

House Bill No. 4145, entitled:

“AN ACT ESTABLISHING THE CITIZEN SERVICE PROGRAM IN ALL PRIVATE AND PUBLIC SCHOOLS, COLLEGES, UNIVERSITIES, AND SIMILAR LEARNING INSTITUTIONS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9163 AND FOR OTHER PURPOSES”

By Representative Barba
TO THE COMMITTEE ON BASIC EDUCATION
AND CULTURE AND THE COMMITTEE ON
HIGHER AND TECHNICAL EDUCATION

House Bill No. 4146, entitled:

“AN ACT PROHIBITING THE ACCESS OF MINORS TO ALCOHOL AND PENALIZING ESTABLISHMENTS THAT PROVIDE ALCOHOL TO MINORS”

By Representative Barba
TO THE COMMITTEE ON WELFARE OF
CHILDREN

House Bill No. 4147, entitled:

“AN ACT CREATING AN ADDITIONAL REGIONAL TRIAL COURT BRANCH IN THE PROVINCE OF LEYTE TO BE STATIONED IN THE CITY OF BAYBAY, FURTHER AMENDING FOR THE PURPOSE SECTION 14, PARAGRAPH (I) OF BATAS PAMBANSA BLG. 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR”

By Representative Cari
TO THE COMMITTEE ON JUSTICE

House Bill No. 4148, entitled:

“AN ACT REORGANIZING THE FOREIGN SERVICE CORPS OF THE PHILIPPINES”

By Representative Hofer
TO THE COMMITTEE ON FOREIGN
AFFAIRS

House Bill No. 4149, entitled:

“AN ACT UPGRADING THE MINIMUM SALARY GRADE LEVEL OF TEACHERS FROM SALARY GRADE 11 TO SALARY GRADE 20, AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON APPROPRIATIONS

House Bill No. 4150, entitled:

“AN ACT PROVIDING SUPPORT FOR THE SURVIVING SPOUSE AND LEGAL HEIRS OF SLAIN JUSTICES AND JUDGES, AMENDING FOR THE PURPOSE REPUBLIC ACT NUMBER 910, AS AMENDED, ENTITLED ‘AN ACT TO PROVIDE FOR THE RETIREMENT OF JUSTICES OF THE SUPREME COURT AND OF THE COURT OF APPEALS, FOR THE ENFORCEMENT OF THE PROVISIONS HEREOF BY THE GOVERNMENT SERVICE INSURANCE SYSTEM, AND TO REPEAL

COMMONWEALTH ACT NUMBERED FIVE HUNDRED AND THIRTY-SIX, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON JUSTICE

House Bill No. 4151, entitled:

“AN ACT TO ESTABLISH TWENTY-FIVE (25)-BED CAPACITY EMERGENCY HOSPITAL IN BORACAY ISLAND, MALAY, PROVINCE OF AKLAN, TO BE KNOWN AS THE BORACAY EMERGENCY HOSPITAL, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON HEALTH

House Bill No. 4152, entitled:

“AN ACT ESTABLISHING A NATIONAL BUREAU OF INVESTIGATION (NBI) DISTRICT OFFICE IN THE MUNICIPALITY OF MALAY, AKLAN, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON JUSTICE

House Bill No. 4153, entitled:

“AN ACT APPROPRIATING ONE HUNDRED MILLION PESOS FOR THE CONSTRUCTION OF A NEW AND STATE-OF-THE-ART HALL OF JUSTICE IN THE SECOND LEGISLATIVE DISTRICT OF THE PROVINCE OF AKLAN, AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON JUSTICE

House Bill No. 4154, entitled:

“AN ACT CREATING THREE (3) NEW COURTS, NAMELY: ONE (1) FAMILY COURT AND TWO (2) BRANCHES OF REGIONAL TRIAL COURTS, ALL IN THE SECOND (2ND) LEGISLATIVE DISTRICT OF THE PROVINCE OF AKLAN, AMENDING FOR THE PURPOSE BATAS PAMBANSA BILANG 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980,’ AS AMENDED, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON JUSTICE

House Bill No. 4155, entitled:

“AN ACT MANDATING ALL MALE STUDENTS IN PUBLIC AND PRIVATE UNIVERSITIES, COLLEGES AND SIMILAR LEARNING INSTITUTIONS TO COMPLETE THE RESERVE OFFICERS TRAINING CORPS COMPONENT OF THE NATIONAL SERVICE TRAINING PROGRAM AS REQUISITE FOR GRADUATION, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 9163, OTHERWISE KNOWN AS THE ‘NATIONAL SERVICE TRAINING PROGRAM ACT OF 2001,’ AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON BASIC EDUCATION AND CULTURE AND THE COMMITTEE ON HIGHER AND TECHNICAL EDUCATION

House Bill No. 4156, entitled:

“AN ACT PROVIDING AN ASSISTANCE PROGRAM FOR OVERSEAS FILIPINO WORKERS IN DISTRESS, BOTH DOCUMENTED AND UNDOCUMENTED, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES”

By Representative Haresco
TO THE COMMITTEE ON OVERSEAS WORKERS AFFAIRS

House Bill No. 4158, entitled:

“AN ACT PROVIDING SAFE HAVEN FOR ABANDONED NEWBORN INFANTS”

By Representatives Romualdez (Yedda) and Romualdez (Ferdinand)
TO THE COMMITTEE ON WELFARE OF CHILDREN

House Bill No. 4159, entitled:

“AN ACT CREATING THE NATIONAL COUNCIL FOR FAITH-BASED AND COMMUNITY PARTNERSHIPS, APPROPRIATING FUNDS THERETO AND FOR OTHER PURPOSES”

By Representatives Romualdez (Yedda) and Romualdez (Ferdinand)
TO THE COMMITTEE ON GOVERNMENT REORGANIZATION AND THE COMMITTEE ON PEOPLE’S PARTICIPATION

House Bill No. 4160, entitled:

“AN ACT PROVIDING STRONGER PROTECTION TO CHILDREN BY INCREASING THE AGE FOR DETERMINING STATUTORY RAPE AND OTHER ACTS OF SEXUAL ABUSE AND EXPLOITATION AND AMENDING FOR THIS PURPOSE ACT NO. 3815, AS

AMENDED, ALSO KNOWN AS THE REVISED PENAL CODE, REPUBLIC ACT NO. 8353, OTHERWISE KNOWN AS THE ANTI-RAPE LAW OF 1997 AND REPUBLIC ACT NO. 7610, ALSO KNOWN AS THE SPECIAL PROTECTION OF CHILDREN AGAINST ABUSE, EXPLOITATION AND DISCRIMINATORY ACT”

By Representatives Romualdez (Yedda) and Romualdez (Ferdinand)

TO THE COMMITTEE ON REVISION OF LAWS

House Bill No. 4161, entitled:

“AN ACT TO ESTABLISH THE PHILIPPINE COAST GUARD ACADEMY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES”

By Representatives Romualdez (Yedda) and Romualdez (Ferdinand)

TO THE COMMITTEE ON TRANSPORTATION

RESOLUTIONS

House Resolution No. 258, entitled:

“A RESOLUTION OF THE HOUSE OF REPRESENTATIVES EXPRESSING PROFOUND CONDOLENCES ON THE DEMISE OF FORMER DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES SECRETARY, REGINA PAZ ‘GINA’ L. LOPEZ”

By Representative Nieto

TO THE COMMITTEE ON RULES

House Resolution No. 259, entitled:

“RESOLUTION DIRECTING THE APPROPRIATE COMMITTEE OF THE HOUSE OF REPRESENTATIVES TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, ON THE ALLEGED MASS MIGRATION OF PRIVATE SCHOOL TEACHERS TO PUBLIC SCHOOLS ON ACCOUNT OF HIGHER COMPENSATION WITH THE END IN VIEW OF ENACTING LEGISLATIVE MEASURES TO ADDRESS THE SAME”

By Representative Vergara

TO THE COMMITTEE ON RULES

COMMUNICATIONS

Letter dated 31 July 2019 of Cecilia C. Borromeo, President and CEO, Landbank of the Philippines, submitting to the House of Representatives

their report on the Utilization of Funds for the Unconditional Cash Transfer Program (2nd qtr-CY 2019).

TO THE COMMITTEE ON POVERTY ALLEVIATION

Letter dated August 6, 2019 of Atty. Glen A. Pangapalan, General Manager, Philippine Fisheries Development Authority, Department of Agriculture, submitting to the House of Representatives the following reports as of June 30, 2019:

1. BAR No. 1 - Quarterly Physical Report of Operation;
2. FAR No. 1 - Statement of Appropriations, Allotments, Obligations, Disbursements and Balances (SAAODB);
3. Revised FAR No. 1 as of March 31, 2019;
4. FAR No. 4 - Monthly Report of Disbursements, June 2019; and
5. Statement of Allotments, Obligations, Utilization and Balances.

TO THE COMMITTEE ON AQUACULTURE AND FISHERIES RESOURCES

Letters dated August 22, 2019 of Salvador C. Medialdea, Executive Secretary, Office of the President, Malacañang, transmitting two (2) original copies each of the following Republic Acts which were signed by President Rodrigo Roa Duterte:

1. R.A. No. 11373, entitled:
“AN ACT DECLARING MARCH 31 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE WHOLE PROVINCE OF SOUTHERN LEYTE, IN COMMEMORATION OF THE FIRST MASS HELD IN LIMASAWA ISLAND, PROVINCE OF SOUTHERN LEYTE, TO BE KNOWN AS THE ‘FIRST MASS DAY’ ”;
2. R.A. No. 11374, entitled:
“AN ACT DECLARING APRIL 5 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE PROVINCE OF PANGASINAN, IN COMMEMORATION OF ITS FOUNDING ANNIVERSARY, TO BE KNOWN AS THE ‘PANGASINAN DAY’ ”;
3. R.A. No. 11375, entitled:
“AN ACT DECLARING FEBRUARY 3 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE CITY OF CABANATUAN, PROVINCE OF NUEVA ECIJA, IN COMMEMORATION OF ITS FOUNDING ANNIVERSARY”;
4. R.A. No. 11376, entitled:
“AN ACT DECLARING MAY 3 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE MUNICIPALITY OF STA. CRUZ, PROVINCE OF MARINDUQUE, IN COMMEMORATION OF ITS FOUNDING

- ANNIVERSARY, TO BE KNOWN AS ‘STA. CRUZ DAY’ ”;
5. R.A. No. 11377, entitled:
“AN ACT DECLARING JULY 23 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE CITY OF BATANGAS, PROVINCE OF BATANGAS, IN COMMEMORATION OF ITS FOUNDING ANNIVERSARY, TO BE KNOWN AS ‘BATANGAS CITY FOUNDATION DAY’ ”;
6. R.A. No. 11378, entitled:
“AN ACT DECLARING JUNE 16 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE CITY OF BAYBAY, PROVINCE OF LEYTE, TO BE KNOWN AS ‘BAYBAY CITY CHARTER DAY’ ”;
7. R.A. No. 11379, entitled:
“AN ACT DECLARING MARCH 1 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE CITY OF DAVAO, PROVINCE OF DAVAO DEL SUR, TO BE KNOWN AS ‘ARAW NG DABAW’, REPEALING FOR THE PURPOSE REPUBLIC ACTS NUMBERED 7551 AND 7685”;
8. R.A. No. 11380, entitled:
“AN ACT DECLARING SEPTEMBER 9 OF EVERY YEAR A SPECIAL WORKING HOLIDAY IN THE MUNICIPALITY OF MINA, PROVINCE OF ILOILO, IN COMMEMORATION OF ITS FOUNDING DAY”;
9. R.A. No. 11381, entitled:
“AN ACT CREATING AN ADDITIONAL BRANCH OF THE REGIONAL TRIAL COURT IN THE PROVINCE OF MOUNTAIN PROVINCE TO BE STATIONED IN THE MUNICIPALITY OF PARACELIS, AMENDING FOR THE PURPOSE SECTION 14 PARAGRAPH (A) OF BATAS PAMBANSA BLG. 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR”;
10. R.A. No. 11382, entitled:
“AN ACT CREATING AN ADDITIONAL BRANCH OF THE REGIONAL TRIAL COURT IN OZAMIZ CITY, CONVERTING THE MUNICIPAL CIRCUIT TRIAL COURT COVERING THE MUNICIPALITIES OF CLARIN AND TUDELA INTO THE MUNICIPAL TRIAL COURT OF CLARIN, AND CREATING A NEW MUNICIPAL CIRCUIT TRIAL COURT COVERING THE MUNICIPALITIES OF SINACABAN AND TUDELA, ALL IN THE SECOND LEGISLATIVE DISTRICT OF THE PROVINCE OF MISAMIS OCCIDENTAL, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE BATAS PAMBANSA BLG. 129 OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’ ”;
11. R.A. No. 11383, entitled:
“AN ACT CREATING TWO (2) ADDITIONAL BRANCHES OF THE REGIONAL TRIAL COURT IN THE PROVINCE OF BATANGAS TO BE STATIONED IN THE MUNICIPALITIES OF STO. TOMAS AND AGONCILLO, AMENDING FOR THE PURPOSE SECTION 14(E) OF BATAS PAMBANSA BLG. 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR”;
12. R.A. No. 11384, entitled:
“AN ACT CREATING AN ADDITIONAL BRANCH OF THE REGIONAL TRIAL COURT IN THE FIRST JUDICIAL REGION TO BE STATIONED IN THE MUNICIPALITY OF ASINGAN, PROVINCE OF PANGASINAN, FURTHER AMENDING FOR THE PURPOSE SECTION 14, PARAGRAPH (A) OF BATAS PAMBANSA BLG. 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR”;
13. R.A. No. 11385, entitled:
“AN ACT CREATING AN ADDITIONAL BRANCH OF THE REGIONAL TRIAL COURT TO BE STATIONED IN THE MUNICIPALITY OF BONGABONG AND FOUR (4) ADDITIONAL BRANCHES OF THE MUNICIPAL TRIAL COURT TO BE STATIONED IN THE MUNICIPALITIES OF BANSUD, BULALACAO, GLORIA, AND MANSALAY, ALL IN THE PROVINCE OF ORIENTAL MINDORO, AMENDING FOR THE PURPOSE SECTION 14(E) AND SECTION 30 OF BATAS PAMBANSA BLG. 129, OTHERWISE KNOWN AS ‘THE JUDICIARY REORGANIZATION ACT OF 1980’, AS AMENDED, AND APPROPRIATING FUNDS THEREFOR”;
14. R.A. No. 11386, entitled:
“AN ACT CREATING FOUR (4) ADDITIONAL BRANCHES OF THE REGIONAL TRIAL COURT IN THE NINTH JUDICIAL REGION TO BE STATIONED AT ZAMBOANGA CITY AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE SECTION 14, PARAGRAPH (J) OF BATAS PAMBANSA

BILANG 129, OTHERWISE KNOWN AS 'THE JUDICIARY REORGANIZATION ACT OF 1980', AS AMENDED”;

15. R.A. No. 11387, entitled:

“AN ACT CREATING FOUR (4) ADDITIONAL BRANCHES OF THE REGIONAL TRIAL COURT IN THE FOURTH JUDICIAL REGION TO BE STATIONED IN SAN PABLO CITY, PROVINCE OF LAGUNA, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE SECTION 14(E) OF BATAS PAMBANSA BILANG 129, OTHERWISE KNOWN AS 'THE JUDICIARY REORGANIZATION ACT OF 1980', AS AMENDED”;

16. R.A. No. 11388, entitled:

“AN ACT CREATING TWO (2) ADDITIONAL BRANCHES OF THE REGIONAL TRIAL COURT AND ONE (1) ADDITIONAL BRANCH OF THE MUNICIPAL TRIAL COURT IN CITIES IN THE FOURTH JUDICIAL REGION, TO BE STATIONED IN THE CITY OF SANTA ROSA, PROVINCE OF LAGUNA, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE SECTION 14(E) AND SECTION 29 OF BATAS PAMBANSA BILANG 129, OTHERWISE KNOWN AS 'THE JUDICIARY REORGANIZATION ACT OF 1980', AS AMENDED”;

17. R.A. No. 11389, entitled:

“AN ACT CREATING TWO (2) ADDITIONAL BRANCHES OF THE MUNICIPAL TRIAL COURT IN CITIES FOR BIÑAN CITY IN THE FOURTH JUDICIAL REGION, AND APPROPRIATING FUNDS THEREFOR, AMENDING FOR THE PURPOSE SECTION 29 OF BATAS PAMBANSA BILANG 129, OTHERWISE KNOWN AS 'THE JUDICIARY REORGANIZATION ACT OF 1980', AS AMENDED”;

18. R.A. No. 11390, entitled:

“AN ACT INCREASING THE BED CAPACITY OF THE BATANGAS MEDICAL CENTER IN BATANGAS CITY, PROVINCE OF BATANGAS, FROM FIVE HUNDRED (500) BEDS TO ONE THOUSAND (1000) BEDS, UPGRADING ITS SERVICE FACILITIES AND PROFESSIONAL HEALTH CARE SERVICES, AND APPROPRIATING FUNDS THEREFOR”;

19. R.A. No. 11391, entitled:

“AN ACT INCREASING THE BED CAPACITY OF THE COTABATO REGIONAL AND MEDICAL CENTER IN COTABATO CITY, FROM FOUR HUNDRED (400)

BEDS TO SIX HUNDRED (600) BEDS, UPGRADING ITS SERVICE FACILITIES AND PROFESSIONAL HEALTH CARE SERVICES, AND APPROPRIATING FUNDS THEREFOR”;

20. R.A. No. 11392, entitled:

“AN ACT ESTABLISHING A FRAMEWORK FOR THE SELECTION OF NATIONAL PERFORMING ARTS COMPANIES, DESIGNATING FOR THE PURPOSE CERTAIN PERFORMING ARTS GENRES AND APPROPRIATING FUNDS THEREFOR”;

21. R.A. No. 11393, entitled:

“AN ACT AUTHORIZING HIGHER EDUCATION CURRICULUM DEVELOPMENT AND GRADUATE TRAINING IN ADVANCED ENERGY AND GREEN BUILDING TECHNOLOGIES, AND APPROPRIATING FUNDS THEREFOR”;

22. R.A. No. 11394, entitled:

“AN ACT MANDATING PUBLIC AND PRIVATE EDUCATIONAL INSTITUTIONS TO PROVIDE NEUTRAL DESKS TO STUDENTS”;

23. R.A. No. 11395, entitled:

“AN ACT SEPARATING THE CITY OF SANTA ROSA FROM THE FIRST LEGISLATIVE DISTRICT OF THE PROVINCE OF LAGUNA TO CONSTITUTE THE LONE LEGISLATIVE DISTRICT OF THE CITY OF SANTA ROSA”;

24. R.A. No. 11396, entitled:

“AN ACT REQUIRING STATE UNIVERSITIES AND COLLEGES (SUCs) TO PREPARE AND IMPLEMENT A LAND USE DEVELOPMENT AND INFRASTRUCTURE PLAN THAT SHALL INCLUDE THE CONSTRUCTION OF DORMITORIES FOR STUDENTS AND HOUSING SITES FOR EMPLOYEES”;

25. R.A. No. 11397, entitled:

“AN ACT ESTABLISHING A PROVINCIAL FISHERIES AND AQUATIC RESOURCES TRAINING, DEVELOPMENT, AND PRODUCT CENTER IN THE PROVINCE OF AKLAN AND APPROPRIATING FUNDS THEREFOR”;

26. R.A. No. 11398, entitled:

“AN ACT REGULATING THE PRACTICE OF THE FISHERIES PROFESSION IN THE PHILIPPINES, CREATING FOR THE PURPOSE A PROFESSIONAL REGULATORY BOARD OF FISHERIES, AND APPROPRIATING FUNDS THEREFOR”;

27. R.A. No. 11399, entitled:
 “AN ACT CONVERTING THE CAMARINES NORTE STATE COLLEGE (CNSC) IN THE MUNICIPALITY OF DAET, PROVINCE OF CAMARINES NORTE INTO A STATE UNIVERSITY TO BE KNOWN AS THE UNIVERSITY OF CAMARINES NORTE (UCN), AND APPROPRIATING FUNDS THEREFOR”;
28. R.A. No. 11400, entitled:
 “AN ACT ESTABLISHING A FISHERIES RESEARCH CENTER IN THE MUNICIPALITY OF ABULUG, PROVINCE OF CAGAYAN AND APPROPRIATING FUNDS THEREFOR”;
29. R.A. No. 11401, entitled:
 “AN ACT ESTABLISHING A FRESHWATER MULTISPECIES HATCHERY AND RESEARCH CENTER IN THE MUNICIPALITY OF BALO-I, PROVINCE OF LANA DEL NORTE, AND APPROPRIATING FUNDS THEREFOR”;
30. R.A. No. 11402, entitled:
 “AN ACT SEPARATING THE SITIO OF ASCOMO FROM BARANGAY PULUNG MASLE IN THE MUNICIPALITY OF GUAGUA, PROVINCE OF PAMPANGA AND CONSTITUTING IT INTO A DISTINCT AND INDEPENDENT BARANGAY TO BE KNOWN AS BARANGAY ASCOMO”;
31. R.A. No. 11403, entitled:
 “AN ACT CREATING A BARANGAY TO BE KNOWN AS BARANGAY 201, ZONE 20 IN THE CITY OF PASAY, METROPOLITAN MANILA”;
32. R.A. No. 11404, entitled:
 “AN ACT CREATING A BARANGAY IN THE MUNICIPALITY OF LIMAY, PROVINCE OF BATAAN TO BE KNOWN AS BARANGAY ST. FRANCIS II”;
33. R.A. No. 11405, entitled:
 “AN ACT CREATING A BARANGAY IN THE CITY OF DASMARIÑAS, PROVINCE OF CAVITE TO BE KNOWN AS BARANGAY SAMPALOC V (NEW ERA)”;
34. R.A. No. 11406, entitled:
 “AN ACT DECLARING MOUNT BULAYLAY IN THE MUNICIPALITY OF CUYAPO, PROVINCE OF NUEVA ECIJA A TOURIST DESTINATION, PROVIDING FOR ITS DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR”;
35. R.A. No. 11407, entitled:
 “AN ACT DECLARING THE CANDON CITY ECOTOURISM ZONE LOCATED IN BARANGAY PALACAPAC,

BARANGAY SAN ANDRES, BARANGAY CUBCUBBUOT AND BARANGAY AMGUID IN THE CITY OF CANDON, PROVINCE OF ILOCOS SUR A TOURIST DESTINATION, PROVIDING FOR ITS DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR”;

36. R.A. No. 11408, entitled:
 “AN ACT DECLARING SANTIAGO COVE IN THE MUNICIPALITY OF SANTIAGO, PROVINCE OF ILOCOS SUR A TOURIST DESTINATION, PROVIDING FOR ITS DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR”; and

37. R.A. No. 11409, entitled:
 “AN ACT DECLARING PINSAL FALLS IN THE MUNICIPALITY OF SANTA MARIA, PROVINCE OF ILOCOS SUR A TOURIST DESTINATION, PROVIDING FOR ITS DEVELOPMENT AND APPROPRIATING FUNDS THEREFOR”.

TO THE ARCHIVES

COMMITTEE REPORTS

Report of the Committee on Ways and Means (Committee Report No. 4), re H.B. No. 304, entitled:

“AN ACT AMENDING SECTIONS 22, 24, 25, 27, 28, 29, 30, 32, 34, 37, 38, 39, 42, 51, 52, 54, 56, 57, 73, 108, 121, 122, 123, 174, 176, 179, 181, 182, 183, 184, 185, 186, 187, 188, 189, 190, 191, 194, 195, 196, 197, 198, AND 199; AND REPEALING SECTIONS 127, 175, 177, 178, 180, 192, AND 193; ALL UNDER REPUBLIC ACT NO. 8424, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES”

recommending its approval with amendment, in consolidation with House Bills Numbered 1907, 2086, 2399, 2553, 2558 and 3359

Sponsor: Representative Salceda
 TO THE COMMITTEE ON RULES

Report of the Committee on Economic Affairs (Committee Report No. 5), re H.B. No. 78, entitled:

“AN ACT PROVIDING FOR THE DEFINITION OF PUBLIC UTILITY, FURTHER AMENDING FOR THE PURPOSE COMMONWEALTH ACT NO. 146, OTHERWISE KNOWN AS THE ‘PUBLIC SERVICE ACT’, AS AMENDED”

recommending its approval without amendment in consolidation with House Bills Numbered 301, 346, 403, 540, 1781 and 4167

Sponsor: Representative Garin (Sharon)
TO THE COMMITTEE ON RULES

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

PRIVILEGE HOUR

REP. AGLIPAY. Mme. Speaker, today being a Monday, I move that we open the Privilege Hour.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the Privilege Hour is now open.

The Majority Leader is recognized.

REP. AGLIPAY. Mme. Speaker, first to avail of the Privilege Hour is Rep. Alfredo A. Garbin Jr. of the Party-List AKO BICOL. I move that he be recognized.

THE DEPUTY SPEAKER (Rep. Escudero). Representative Garbin is now recognized.

PRIVILEGE SPEECH OF REP. GARBIN

REP. GARBIN. Thank you, Mme. Speaker, fellow Representatives, distinguished guests, good afternoon.

Mme. Speaker, during the past few days, the Philippines has been bombarded with news about the release of convicts due to the application of RA No. 10592, otherwise known as the “Good Conduct Time Allowance Law.” As it turned out, even rape and murder convicts have been granted early release due to good conduct.

In recent news, it was reported that a total of 1,914 prisoners convicted of heinous crimes have been granted early release since 2014, a year after the amendment of the Good Conduct Time Allowance Law. Not only are the early releases of convicts prevalent nowadays, but also, the whimsical and capricious granting of bail under the pretense of absence of strong evidence of guilt. It is during these times that we are made to question the integrity of our justice system.

While the eyes of the media focus on the release of the convicted murderer-rapist Antonio Sanchez, we forget the murder of our own in this august Body, the late Cong. Rodel Batocabe of AKO BICOL Party-List. Congressman Rodel Batocabe was an incumbent Member of the House of Representatives when he was murdered in broad daylight in the presence of so many of his constituents in Daraga on that fateful afternoon of December 22, 2018. That day was supposed to be a very happy and momentous day for him, his wife and his family since it happened to be his wedding

anniversary. And yet, despite the celebratory mood, he left the comfort of his home and loving embrace of his wife and children to be with needy people to give them gifts in time for the Christmas season.

Cong. Rodel was murdered not because of a personal quarrel or a property feud or dispute, but because of then incumbent Mayor’s dominion and hold to power in local politics in the town of Daraga that has been seriously threatened by Cong. Rodel’s well-known and openly declared intention to contest the mayoralty post in then forthcoming election in May 2019. At the time of his death, almost all surveys conducted by local and national survey groups indicated the wide margin of support for Cong. Rodel’s mayoralty run which was high compared to that of then incumbent Mayor and other contenders.

Days before his assassination, Cong. Rodel had already been forewarned of an assassination plot being hatched by then incumbent Mayor and his cohorts. But Cong. Rodel was totally unfazed, not only because he was a person of the law and a faithful advocate of justice, but also most significantly because he believed in the justness of his cause and the innate goodness of his fellowmen. But he was proven wrong, not because he was murdered in cold blood, but because of what happened to his case.

Within a very short period from his untimely death, or barely eight months thereafter, the RTC Judge who heard the double murder case filed before her sala for the murder of Cong. Rodel and his bodyguard, had issued an order on August 30, 2019, approving the application for bail of former Mayor Awing Baldo, the brain and mastermind behind the brutal murder, the same person who earlier, per intelligence report, had been tagged as plotting to assassinate Cong. Rodel days before the fateful day of December 22, 2018. In the commission of the crime, he was the very same person who was collectively cited and pointed out as the mastermind by the assailants themselves and the other principal participants. The evidence against former Mayor Baldo was strong and beyond doubt and debate. For quite a number of days and weeks after the gruesome and cruel assassination, Filipino people from all walks of life were witnesses to the daily news and briefings by all media outlets which glaringly showed the open and unrehearsed admissions of guilt by the assailants and conspirators as well as their uniform confession that it was former Mayor Baldo, and no other, who conceived, plotted and masterminded the well-planned, well-laid-out and well-executed cold-blooded killing of Cong. Batocabe and his police escort.

Not only were their testimonies voluntarily and freely made and given, the actual and physical evidence gathered by the authorities all confirm not only their direct participation in the commission of the crime, but also their having been ordered to do so by their

boss, employer and benefactor, former Mayor Baldo. They were in fact, invariably related to Baldo as his bodyguards and employees. Indeed, without Baldo in the criminal conspiracy, these criminals would never have any motive or intention that could have inspired, moved and compelled them to either individually or as a group even consider extinguishing the life of a much beloved, long-standing public servant like Cong. Rodel in an evil way.

Yet, despite the strong and overwhelming evidence of his guilt, Baldo was still ordered released by the judge, who had chosen to ignore and close her eyes to such strong and overwhelming evidence of Baldo's guilt. Undoubtedly, with the impending release of Baldo which is expected anytime today or in the next few days, the cause of justice and the rule of law in our land has again been extremely eroded to the lowest gutter level.

AKO BICOL Party-List, as a party of the Filipino people in general and of Bicolanos in particular, shall always be at the forefront in the fight to secure justice for the death of a Member of this august Chamber, Cong. Rodel Batocabe, and his companion who died with him, and for all those who have been killed while doing service to our people and to our beloved country.

Maraming salamat, Mme. Speaker.

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

REP. AGLIPAY. Mme. Speaker, I move that we refer the speech of the Honorable Garbin to the Committee on Rules.

I so move, Mme. Speaker.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the privilege speech of Representative Garbin is referred to the Committee on Rules. Thank you.

The Majority Leader is recognized.

REP. AGLIPAY. Mme. Speaker, I move that we recognize next the honorable Rep. Eufemia "Ka Femia" C. Cullamat of Party-List BAYAN MUNA.

THE DEPUTY SPEAKER (Rep. Escudero). Representative Eufemia Cullamat is now recognized.

PRIVILEGE SPEECH OF REP. CULLAMAT

REP. CULLAMAT. Maraming salamat, G. Ispiker.

Magandang hapon, G. Ispiker, kapwa ko mga Mambabatas, magandang hapon sa ating lahat.

Naniniwala ang Representasyon na ito na ang Pilipinas, bilang signatory ng United Nations

Convention on the Rights of the Child, ay dapat buong pagsusumikap na ginagawa ang lahat ng pamamaraan upang ang edukasyon ay matamasa ng bawat batang Pilipino. Gayunpaman, lubhang nakadudurog ng puso na malaman na sa kabila ng ating paglagda ng pandaigdigang kasunduan na ito ay nananatiling napakataas ng bilang ng mga bata na hindi nakatutuntong sa mga paaralan lalo na sa hanay naming mga katutubo.

G. Ispiker, nais ng Representasyon na ito na ibahagi ang aking nasaksihan na pinasinayaan kong aktibidad ng University of the Philippines-Diliman kaninang umaga, ang pormal na pagbukas ng Lumad Bakwit School para sa school year 2019 at 2020.

Ang Bakwit School ay isang kampanya na pinangungunahan ng Save Our Schools Network, katuwang ang iba pang organisasyon, kung saan mahigit 70 mga estudyante ng mga Lumad mula sa paaralang Lumad sa Mindanao ang ngayon ay nanunuluyan sa kamaynilaan upang ipagpatuloy ang kanilang pag-aaral habang na-nanawagan sa pamahalaan na itigil na ang militarisasyon sa kanilang mga komunidad at martial law sa buong Mindanao.

Napag-alaman ng Representasyong ito na ang ilan sa kanila ay mga estudyante ng Salugpungan Ta' tanu Igkanugon Community Learning Center. Kamakailan lamang, 54 na campus ng naturang paaralan ang nilapatan ng suspension order ng DepEd o Department of Education, Region XI noong July 10, 2019. Ang order diumano ay batay sa alegasyon ni National Secretary Adviser Hermogenes Esperon na ang mga paaralan ay nagtuturo sa mga estudyante na mag-armas at labanan ang mga militar.

Ayon sa isang guro na nakapanayam ko, arbitraryo at walang batayan ang naging hakbang ng DepEd. Hindi rin binigyan ng due process ang pamunuan ng Salugpungan na pabulaanan ang akusasyon bago maglabas ng suspension order. Hindi na pinag-iisipan ng Ahensya na ang kanilang desisyon ay magreresulta lamang sa higit na pagkakait ng edukasyon sa mga Lumad. Nasaan na ang inclusive education na ipinagmamalaki ng Ahensya? Ganito ba ang pagtataguyod ng IP Education? Paano ang mga batang Lumad na sapilitang huminto sa pag-aaral?

Kanina rin ay personal kong nakausap si Rurelyn, isang mag-aaral na galing sa Salugpungan at kasalukuyang bahagi ng Bakwit School. Hindi ko malilimutan ang sagot ni Rurelyn sa aking katanungan kung ano ang kaniyang pangarap sa buhay. Tulad ng pangarap ng mga batang Manobo sa komunidad na aking pinanggagalingan, nais ni Rurelyn na maging guro balang araw upang makatulong sa kapwa Lumad na hindi marunong magbasa at magsulat. Napakadakila at napakabusilak ang kaniyang mithiin—ito ay para maglingkod sa nakakarami. Hindi ba't ganito rin ang gusto natin para sa ating mga anak?

Nakalulungkot isipin na sa paglalakbay ni Rurelyn tungo sa kaniyang pangarap ay malaking pader na nalikha ng ating mga polisiya, isang pader na mas matarik pa kaysa mga kabundukan na karaniwan nilang tinatawid papunta sa kanilang mga paaralan.

Ayon sa Save Our Schools Network, sa kasalukuyan ay umaabot na ng 156 na ang mga paaralang Lumad ang naipasara sa ilalim ng martial law sa Mindanao na nakaapekto sa mahigit 3,600 na mga estudyante. Hindi pa rito kasama ang 273 na kaso ng pandarahas at pananakot sa mga guro, estudyante at mga magulang, ang malawakan at sapilitang pagpapasuko sa kanila bilang mga rebelde raw—13 na kaso ng pagpaslang, 49 na pagsampa ng gawa-gawang kaso ng mga guro, 21 na kaso ng pagsira at pagwasak ng imprastruktura sa kanilang mga paaralan at 40 na kaso ng pagbakwit na nakaapekto sa mahigit 18,000 mga Lumad sa buong Mindanao.

Saksi ang Representasyon na ito kung paano pinagtulungan ng aming mga komunidad sa Mindanao ang pagtatayo ng sarili naming mga paaralan. Dugo at pawis ang aming puhunan para lamang maigpawan ang kapabayaan ng pamahalaan mula sa aming ninuno hanggang sa aming mga anak. Ang pagtatayo ng mga paaralan ng Lumad ay siyang malinaw na ekspresyon ng aming karapatan para sa pagpapasiya, ngunit kapalit pala ng pagtindig na ito ay ang malisyosong pagbansag sa aming mga katutubo bilang mga kalaban ng pamahalaan.

Sa pagbisita ninyo sa Bakwit School, makikita ninyo si Teacher Rose Hayahay, isang boluntaryong guro ng Salugpungan. Payak lamang ang dahilan ni Teacher Rose bakit siya nagtuturo sa Salugpungan. Ayon sa kanya, nagbibigay sa kanya ng hindi matatawarang kaligayahan ang pagtuturo sa mga batang Lumad at nakikita niyang napakahalaga ang kanyang naitutulong sa mga katutubo na karaniwang nahuhuli sa mga prayoridad ng gobyerno. Ngunit sa pagsasara ng kanilang paaralan, ani Teacher Rose, tanging mga malalaki at dayuhang kumpanya ang makikinabang sa ginagawang hakbang ng Department of Education at ng Armed Forces of the Philippines. Ang pagwasak sa kanilang mga paaralan ay pagpapahina sa pagkakaisa at paglaban ng katutubong Lumad para sa sariling pagpapasya at karapatan sa lupaing ninuno.

Sa amin namang rehiyon sa CARAGA, noong nakaraang linggo ay pinaratangan ang Alternative Learning Center for Agricultural and Livelihood Development, Inc. o Alcadev Inc. at Tribal Filipino Program in Surigao del Sur o TRIFPSS, ng CARAGA Regional Task Force to End Local Communists Armed Conflict o RTF-ELCAC, na naglulunsad daw ng training ng NPA kaya ipinasara rin nila sa DepEd ang siyam naming paaralan. Mga kapwa Mambabatas, G. Ispiker, ang lahat ng ito ay pawang kasinungalingan. Kabilang

ako, ang aking pamilya, at ang aking tribo ng Manobo, na nagtayo at nagtaguyod nito para sa pag-aaral ng aming mga anak, apo at lahat ng mga kabataang Lumad. Kaya naman, ang Representasyong ito ay nananawagan sa kapwa ko Mambabatas na makisangkot sa mga lumalalang kaso ng mga pag-atake sa mga paaralang Lumad sa Mindanao.

G. Ispiker, kailangan din nating imbestigahan at silipin kung ano ang naging papel ng Department of Education kaugnay sa pagpapasara sa mga paaralan sa ilalim ng tinatawag na whole-of-nation approach. Hindi kailanman matatanggap ng Representasyong ito na nagiging kasangkapan ang Ahensya ng Edukasyon upang supilin ang karapatan ng mga Lumad para sa lupaing ninuno at sariling pagpapasya.

Kailangan din nating imbestigahan ang kaugnay sa pagsasara ng mga paaralan sa implikasyon sa pagpasok ng mga dambuhalang mina sa Pantaron Mountain Range na tumatahi sa apat na malalaking probinsya ng Mindanao. Ilan sa mga kumpanyang ito na aming naidokumento ay ang Metal Ores, One Compostela Valley Minerals Inc. at Philippine Meng Di Mining and Development Corporation.

Higit sa lahat, hinihikayat ko kayo na ipanawagan ang pagpapahinto sa martial law sa Mindanao na nagbubunsod ng matinding presensyang militar sa mga paaralan at komunidad ng mga Lumad. Bagkus, nananawagan ako sa kapwa ko Mambabatas na ipanawagan ang muling pagbabalik ng pormal na negosasyong pangkapayapaan sa pagitan ng pamahalaan at ng National Democratic Front of the Philippines upang resolbahin ang mga ugat ng armadong tunggalian sa ating bansa.

Ito lamang po, G. Ispiker, at maraming salamat at magandang hapon sa ating lahat.

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

REP. AGLIPAY. Mme. Speaker, I move to refer the speech of Honorable Cullamat of Party-List BAYAN MUNA to the Committee on Rules.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the privilege speech of Representative Cullamat is referred to the Committee on Rules.

The Majority Leader is recognized.

REP. AGLIPAY. Mme. Speaker, I move that we terminate the Privilege Hour.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none, the Privilege Hour is terminated.

The Majority Leader is recognized.

ROLL CALL

REP. AGLIPAY. Mme. Speaker, I move that we call the roll of Members.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General will please call the roll.

*The Secretary General called the roll, and the result is reflected in Journal No. 14, dated September 2, 2019.**

THE SECRETARY GENERAL. Mme. Speaker, the roll call shows that 242 Members responded to the call.

THE DEPUTY SPEAKER (Rep. Escudero). With 242 Members responding to the call, the Chair declares the presence of a quorum.

The Majority Leader is recognized.

REP. SINGSON-MEEHAN. Mme. Speaker, I move that we proceed to the Additional Reference of Business.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General will please read the Additional Reference of Business.

ADDITIONAL REFERENCE OF BUSINESS

The Secretary General read the following House Resolution on First Reading and the Deputy Speaker made the corresponding reference:

RESOLUTION

House Resolution No. 279, entitled:

“RESOLUTION COMMENDING THE MEN AND WOMEN OF THE PHILIPPINE CINEMA IN CELEBRATION OF ONE HUNDRED YEARS OF CONTINUOUSLY PROVIDING MEANINGFUL, EDUCATIONAL, AMUSING AND ENTERTAINING WORKS OF ART WHICH REMAIN TO BE THE HALLMARKS OF THE LOCAL FILM INDUSTRY”

By Representative Fernandez
TO THE COMMITTEE ON RULES

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

CONSIDERATION OF H.B. NO. 4157

Continuation

PERIOD OF SPONSORSHIP AND DEBATE

REP. SINGSON-MEEHAN. Mme. Speaker, under the calendar of Unfinished Business, I move that we resume the consideration of House Bill No. 4157, and that the Secretary General be directed to read only the title of the measure.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General is hereby directed to read only the title of the measure.

THE SECRETARY GENERAL. House Bill No. 4157, entitled: AN ACT AMENDING SECTIONS 4, 5, 20, 22, 27, 28, 34, 40, 50, 73, 112, 117, 204, 222, 237, 237-A, 255, 256, 257, 258, 261, 263, 264, 266, 275, 290, 291, 292 AND ADDING NEW SECTIONS 6-A, 282-A, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315 AND 316 ALL UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

REP. SINGSON-MEEHAN. Mme. Speaker, the parliamentary status of the Bill is that it is in the period of sponsorship and debate. I move that we recognize the Vice Chairperson of the Committee on Ways and Means, Rep. Sharon S. Garin of the AAMBIS-OWA Party-List. I so move, Mme. Speaker.

THE DEPUTY SPEAKER (Rep. Escudero). Rep. Sharon Garin of AAMBIS-OWA Party-List is now recognized.

REP. GARIN (S.). Thank you, Mme. Speaker.

REP. SINGSON-MEEHAN. For the interpellation of our Honorable Garin, I move that Rep. France L. Castro of Party-List ACT TEACHERS be recognized. I so move, Mme. Speaker.

THE DEPUTY SPEAKER (Rep. Escudero). Rep. France Castro is recognized.

REP. CASTRO (F.L.). Maraming salamat po, Mme. Speaker.

Would the distinguished Sponsor yield to some of my questions, Mme. Speaker?

* See ANNEX (printed separately)

REP. GARIN (S.). Yes, Mme. Speaker.

REP. CASTRO (F.L.). Okay.

THE DEPUTY SPEAKER (Rep. Escudero). Please proceed.

REP. CASTRO (F.L.). So, iyong unang tanong ko po, Mme. Speaker, ay iyong ilan sa mga terms na naririto po sa Committee Report No. 2, House Bill No. 4157.

So, Mme. Speaker, on Section. 27., nakalagay po rito, Mme. Speaker, “*PROVIDED, THAT THE RATE OF CORPORATE INCOME TAX SHALL BE TWENTY-EIGHT PERCENT (28%) BEGINNING JANUARY 1, 2021; TWENTY-SIX PERCENT (26%) BEGINNING JANUARY 1, 2023; TWENTY-FOUR PERCENT (24%) BEGINNING JANUARY 1, 2025; TWENTY-TWO PERCENT (22%) BEGINNING JANUARY 1, 2027; AND TWENTY PERCENT (20%) BEGINNING JANUARY 1, 2029:*”

Mme. Speaker, so tama po ba ito, after 2027 pa in effect iyong full na 20 percent ng ating CITIRA, iyong Corporate Income Tax and Incentives Rationalization Act rate?

REP. GARIN (S.). Yes, Mme. Speaker, the rate, currently, is 30 percent and, eventually, by 2029, it will be decreased to 20 percent.

REP. CASTRO (F.L.). Yes, January 2029, 20 percent, pero, mayroon pong nakalagay dito, Mme. Speaker, na kasunod na sentence, “*PROVIDED, FURTHER, THAT THE PRESIDENT MAY ADVANCE THE SCHEDULED REDUCTION IN THE CORPORATE INCOME TAX RATE WHEN ADEQUATE SAVINGS ARE REALIZED FROM THE RATIONALIZATION OF FISCAL INCENTIVES UNDER TITLE XIII OF THIS CODE, AS CERTIFIED BY THE SECRETARY OF FINANCE.*”

So, ibig sabihin po ba nito, Mme. Speaker, na ang Presidente po, dahil mayroon na pong schedule ng mga income tax rate sa mga corporate tax, pero anytime puwedeng baguhin ito ng Presidente na naaayon dito, iyong idinagdag na sentence?

REP. GARIN (S.). Yes, Mme. Speaker, that is correct.

REP. CASTRO (F.L.). Ano po iyong sinasabi nating adequate savings? Mayroon po ba itong quantitative measures? Paano malalaman ng Presidente, as certified by the Finance Secretary, iyong sinasabi nating adequate savings that would be realized?

REP. GARIN (S.). Currently, Mme. Speaker, the

Philippines, our collection is 3 percent of GDP. That is very low compared to the rest of the other countries in the ASEAN, and once we reach our target which is ideal for a 30-percent or 20-percent rate CIT, then the President can decide to hasten the lowering of the corporate income tax. Kung makuha na po iyong target by that time, then the President can validly exercise the power given to him by the ...

REP. CASTRO (F.L.). So, ang level po ay according to the GDP, gross domestic product na 3 percent? Ilang percent po ba ngayon ang GDP?

REP. GARIN (S.). We are currently the highest among the other countries in terms of corporate income tax, but we are one of the lowest compared to the GDP. We are 30 percent, and our collection is about over 3 percent of GDP. That is very low compared to other countries which have lower, in fact, lower income tax rates, corporate income tax rates, but they have higher percentage points compared to their GDP.

REP. CASTRO (F.L.). Okay.

Mme. Speaker, kung ang pagbabatayan po natin ay iyong GDP, may I know from our Sponsor, ano po ba iyong average GDP natin for the last 10 years?

REP. GARIN (S.). Mme. Speaker, if the Honorable Castro will allow, then we can submit to her the data since the DOF is still searching for the documents.

REP. CASTRO (F.L.). Okay.

Mme. Speaker, kung titingnan po natin iyong data natin on the GDP—so, nakita natin po na on the average naman eh 3 percent ang GDP. Tama ba ako, ...

REP. GARIN (S.). As against collection.

REP. CASTRO (F.L.). ... for the last 10 years?

REP. GARIN (S.). Yes, yes, Mme. Speaker. Collection against GDP.

REP. CASTRO (F.L.). So, napakaliit na batayan, ano, para mag-decide ang Pangulo patungkol doon sa sinasabi nating puwede niyang taasan o babaan depende on the adequate, or reduction pala, puwede niyang babaan depende doon sa adequate savings. Pero, ang tanong ko po, Mme. Speaker, kasi napansin po natin dito, lahat po ng mga, halimbawa, sa page 11, on Capital Gains from Sale of Shares of Stock Not Traded in the Stock Exchange. So, mayroon po ditong kasunod, puro po Further, that the President may advance the scheduled reduction, on page 11. So lahat po, Mme. Speaker, na may probisyon na nagtataas po ng tax o nagre-reduce ng tax, ang may kapangyarihan po na

mag-reduce ay iyong Pangulo. Pero hindi po ba, Mme. Speaker, ito tingin ko, napaka-powerful ng Pangulo dito sa measures na ito, Mme. Speaker?

Pero, hindi po ba, Mme. Speaker, ang kapangyarihan sa taxation ay solely sa legislative power lang? Ito ay legislative power, so ang Presidente, wala po siyang legislative power para babaan ang tax o taasan ang tax kasi ito po ay legislative power lang ng Kongreso. Hindi po ba, Mme. Speaker, na lumalabag tayo sa Konstitusyon kung ilalagay natin itong probisyon na ito?

REP. GARIN (S.). Mme. Speaker, the President's power to delay or advance is governed by legislation. There is already a limitation on his powers. There is precedence similar to that: on VAT, on the increase from 10 to 12 percent, and the suspension of excise tax.

The power is when we meet the savings. Well, if you just compare it to other countries, like Singapore, or let us say Thailand which has 20 percent, their CIT revenues as to the percent of GDP is 4 percent; compared to us, we have a higher tax, but then our corporate income tax revenue is lower which is 3.7 percent. Our objective is to make our performance compete with other countries, as well as improve the tax administration of this country, Mme. Speaker.

REP. CASTRO (F.L.). Okay, Mme. Speaker, basic po ang principle na sinasabi ko po dito. Iyong power of taxation is legislative, kaya this includes the power to grant tax incentives, tax exemptions, tax credits, and other devices which reduce tax revenues. Halimbawa, power po ng Presidente to define adequate savings. Ang sinasabi po dito ng ating Sponsor ay iyong adequate savings, ngunit wala rin naman ito sa batas. This is to be determined by the power of the President, and to advance the schedule of reduction. Halimbawa, mayroong pag-a-advance ng reduction, nakalagay din po sa power ng Presidente dito based sa adequate savings under Section 7 and Section 28. Mme. Speaker, medyo may problema po tayo dito dahil nasa kapangyarihan ng Kongreso iyong power of taxation. Another example, the power of investment promotion agencies to confer administrative tax incentives na ang basehan lamang ay ang Strategic Investment Priority Plan o SIPP. Tama po ba ito?

REP. GARIN (S.). Yes, Mme. Speaker.

REP. CASTRO (F.L.). Isa rin ito sa kapangyarihan, okay.

Mme. Speaker, hindi dumaan sa pagkilatis ng Kongresong ito ang SIPP na siya nating sole power. Hindi rin natin makikita ang bawat kaso ng grant incentives sa bawat corporation. Mme. Speaker,

importante ito lalo na sa Lower House, dahil tayo ang may exclusive power where revenue bills should originate.

Furthermore, Mme. Speaker, bukod sa SIPP, what are the other standards for grant of incentives that will be given to corporations? For example, in the grant of extension in the income tax holiday, under Section 294 (A) (1), what are the standards to be applied by the IPAs before they can grant longer income tax holiday? Up to what period o gaano kahaba ang income tax holiday na iyon?

Mme. Speaker, iyong mga katanungan natin ay sagot lang dapat ito ng Legislative at hindi ito power of the Executive. Another example, Mme. Speaker, is the overboard power to reduce tax revenues. Under Section 294, ang covered ay income tax incentives, customs duties exemptions, VAT exemptions and VAT zero rating. This is supposed to be a bill on the reforms on corporate income taxation. Therefore, this proposal violates the one bill, one subject rule in our Constitution, as well as in our House Rules.

Puwede po ba, Mme. Speaker, masagot tayo na hindi ba ang CITIRA ay lumalabag sa tinatawag natin o nasa batas na one legislative measure, one subject rule? Mme. Speaker, napansin po natin na parang hinalong kalamay itong CITIRA dahil mayroon dito iyong batas sa SMEs na covered kagaya ng corporate income tax at iba pang mga batas na covered nito, hindi po ba, Mme. Speaker, distinguished Sponsor, kaya lumalabag ito sa one subject rule on measures?

Therefore, Mme. Speaker, kung doon natin pagbabasehan o pagbabatayan, dapat ibasura na ang CITIRA dahil lumalabag ito sa ating House Rules at sa ating Constitution?

REP. GARIN (S.). Thank you.

Mme. Speaker, the title of the current legislation or Bill that we are tackling is an amendment to the NIRC. It covers all kinds of taxes, whether it is for corporate income tax, individual income tax or excise tax. So, I beg to disagree that some of the provisions here are outliers or riders in this case.

The issue on the delegation of powers to the President or any other institution is based on whether there is a valid delegation of legislative powers which has been determined by the Supreme Court several times already. There are only two tests that we should comply with—the completeness test and the sufficient standard test. I believe that these tests have been complied with certain standards that have been stated in the law itself. Also, if we may, we can also add some more in the IRR but based on the CITIRA proposal, these tests have been complied with and there is no undue delegation of power, Mme. Speaker.

REP. CASTRO (F.L.). Kung dadagdagan ko pa ng

example, Mme. Speaker, iyong power of the SOF to interpret the provision on tax incentives. This covers a range of benefits, especially for giant corporations. So, this power will lead to more incentives and broader coverage, and the duration of those incentives other than those that are in this law.

Another, Mme. Speaker, and pinaka-broad sa lahat ay iyong power of the President to grant additional incentives in Section 301. The only standard here is the President's discretion at hanggang kailan, hanggang magkano at anong klaseng proyekto o korporasyon.

Anong ibig sabihin, Mme. Speaker, ng "highly desirable"? Ano ang ibig sabihin ng "clear and convincing benefits"?

REP. GARIN (S.). The power granted to the President in this provision is limited by certain conditions, the purpose of which is to grant the President the power to be able to attract big conglomerates or big investors to come to the Philippines, giving them extra incentives, but not beyond what is granted by law or by the proposal under the CITIRA Law.

REP. CASTRO (F.L.). Okay, Mme. Speaker. Malinaw po doon sa unang bahagi ng ating interpellation na ito pong CITIRA Bill covers many subjects in one measure. Covered nito ang batas natin sa SMEs, iyong batas natin kaugnay ang BMBE o iyong tinatawag nating Barangay Micro Business Enterprises Act which provides that all BMBEs shall be exempt from tax for income arising from the operation of the enterprise. It also encourages LGUs either to reduce the amount of local taxes, fees, charges imposed on it or to exempt BMBEs from local taxes and fees. Mme. Speaker, distinguished Sponsor, hindi po ba kasama rin ito sa CITIRA Bill?

REP. GARIN (S.). All taxes that are under the NIRC can be subject to this Bill because it is an amendment to the NIRC. I do believe that the provisions are within the limits set forth by law, and it is within the legislative power of Congress to do so, Mme. Speaker.

REP. CASTRO (F.L.). So, ang BMBEs ay para sa mga maliliit na entrepreneur na nasa barangay. Ito iyong mga production, processing or manufacturing of products or commodities, including agro-processing, trading and services na less than P3 million lang ang total assets. So, mas mababa po ito kaysa sa SMEs na nakapaloob din dito. Less than P3 million lang pero papatawan po natin ito later on ng 20 percent corporate tax. Tama po ba? Dapat po ba isama itong mga maliliit na entrepreneur o itong mga ganitong business, Mme. Speaker, distinguished Sponsor?

REP. GARIN (S.). Mme. Speaker, any tax incentives

that these companies or businesses have derived have been granted by Congress, and also it will be based on the NIRC. Again, I state that this is within the powers of Congress and within the limits of the proposed Bill, Mme. Speaker.

REP. CASTRO (F.L.). Kasama na naman po iyan, another subject ng CITIRA Bill.

Mme. Speaker, sa aking palagay, hindi natin dapat ipantay ang tax treatment ng mga ito sa mga higanteng korporasyon. Sinabi natin na para mapadali ang pagkolekta ng tax, pag-isahin na natin, tanggalin na natin pero hindi natin tinitingnan iyong magiging kalagayan ng BMBEs.

Another topic, Mme. Speaker, the removal of support for the book industry. May mawawalang suporta para sa book publishing industry sa pag-repeal ng Section 12 ng RA No. 8047 or the Book Publishing Industry Development Act, katulad ng fiscal and non-fiscal incentives, inclusion of book development activities in the investment priority plan, and condition of duty-free importation of books. Suporta ito sa mga local na produksyon ng mga libro. Siyempre, exemption sa VAT. Ito po ang nae-enjoy sa RA No. 8047 ng industriya na gumagawa ng libro at ito ay mawawala. Tama po ba, Mme. Speaker?

REP. GARIN (S.). Mme. Speaker, the intention of the Department of Finance is not to remove the privileges of the industry. Nilinis lang po iyong batas na iyon kasi all the exemptions, nag-housekeeping lang and they have assured that they will be included in the SIPP.

This is equally important. This is equally important to the administration and they believe that the privileges should still stay for the industry.

REP. CASTRO (F.L.). Mahalaga po sa Representasyong ito ang RA No. 8047 na may kinalaman sa edukasyon. Ang Representasyong ito ay nalulungkot na may mga ganitong probisyon sa CITIRA na hindi naman dapat ginalaw ang RA No. 8047.

REP. GARIN (S.). Mme. Speaker, just to reiterate, the incentives on books and publishing, most incentives and exemptions, are not being touched by this proposed law or the intention of the SIPP. That we would like to assure the good Representative.

REP. CASTRO (F.L.). Okay. Ito naman po ay may kinalaman muli doon sa PEZA o Philippine Economic Zone Authority. Mayroon po bang data ang ating Sponsor, Mme. Speaker? Magkano po ang mawawala sa ating PEZA in terms of workers o iyong labor, dahil ang alam ko po base sa isinumiteng report ng PEZA, nakakapag-generate ito ng more than one million direct workers and seven million indirect workers? So, kung

tatangalin po iyong incentive, sa tingin po ng PEZA, hindi na makakapag-generate ng ganitong workers ang ating economic zones. Alam ko, mayroon ditong probisyon kaugnay sa structural, tungkol sa pagbibigay ng tulong sa mga manggagawa. Base sa ibinigay nating budget sa CITIRA, kakasya po ba ito para ma-accommodate iyong sinasabi natin, halimbawa, when worst comes to worst, Mme. Speaker? Dahil dito sa pagpapataw na ng buwis o pagtatanggal ng incentives sa mga PEZA, ang mga exporters natin ay mag-aalisan. Ilang libo bang exporters natin ang mag-aalisan? Sapat na ba iyong nakalagay dito sa batas na tungkol sa workers, Mme. Speaker?

REP. GARIN (S.). The CITIRA is not simply the removal of incentives. It is the rationalization of incentives. Nililinis lang po sa mga negosyo na they do not need incentives anymore or they are given too much incentives. In fact, ang incentives—for every P1 that we give as incentive, we get back 0.39 centavos. So, it is not the objective to do away with incentives, but it is to choose the proper businesses or the proper areas not only in Manila. Maybe we should explore Mindanao and the Visayas, and the rest of Luzon to give more incentives there rather than concentrating in the National Capital Region.

Ang objective ng CITIRA is not to remove jobs or remove incentives; it is to rationalize incentives, so that if it becomes transparent, may target tayo and we address the industries na nangangailangan ng incentives. Hindi po iyong mga hindi nangangailangan, sila pa iyong kulang ang bayad ng buwis.

With the question of the good Representative, we are in a position na hindi po ito kawalan ng trabaho because these investors are here for many other reasons and not only just because of the incentives. The incentive is just a consequence kasi we have good workers, we have low labor cost, we have infrastructure and we have the economic zones that provide good services to them.

We do believe that the impact will not be as big as expected by these economic zones na pag dumating na ang CITIRA, jobs will be lost and businesses will go down.

REP. CASTRO (F.L.). Mme. Speaker, promise po ng proposed Bill iyong additional jobs, pero nakikita natin dito na it would result in loss of jobs. In fact, nakita rin ng ating Sponsor o ng ating tagapagtaguyod ng CITIRA na magkakaroon ng loss of job dahil nasa Section 312 iyong Structural Adjustment Fund.

So ito iyong earmarked na halaga—P500 million to be appropriated annually in addition to any adjustment fund appropriated under the budget of the DOLE kaugnay po sa mga mawawalan ng trabaho, then another P500 million and P5 billion po sa Skills Upgrade Program sa IT-BPO and another P15 billion

in addition to any adjustment, Mme. Speaker. Ang ibig sabihin, mayroon pong P21 billion earmarked for job losses based sa batas. Saan po ito kukunin? Where do we source it? Ito po ba ay kukunin sa GAA?

REP. GARIN (S.). Yes, Mme. Speaker.

REP. CASTRO (F.L.). Kailan po ito to take effect?

REP. GARIN (S.). Once the Bill is approved, then proper appropriation in the Budget will be requested.

REP. CASTRO (F.L.). Okay. So tinatanggap po ng Sponsor na hindi tayo makakapag-generate ng jobs but instead, job losses sa ating mga mamamayan dito. Unang-una sa PEZA, maraming matatangalan o mawawalan ng trabaho kapag ipinasá natin ito. Our workers in the PEZA, mawawala na. Iyong ating pang-earmarked na P21 billion, pansamantala lang o one-time, big-time lang yata ito. Tama po ba, Mme. Speaker? Ito ay one-time lang na kukunin sa GAA sa mga susunod na taon.

REP. GARIN (S.). Mme. Speaker, the Structural Adjustment Fund is basically a contingency. It is not that we planned it. It is an expected consequence of the CITIRA. It is because of the clamor of the IPAs and the labor sector to assure and appease them; thus, the fund will be set aside as an assurance so much so that they would not fear whatever losses they expect, but which we do not expect.

Now, with regard to the labors' consequence, by lowering the corporate income tax to 20 percent, the savings will actually cost P480 billion and it will actually save the companies P480 billion. In statistics and in the history of these companies, 86 percent of those savings should really go to salaries and labor costs. So we expect additional costs or additional pay and additional labor because of the savings from the corporate income tax. It will really offset and probably generate more labor because of the savings from the corporate income tax. That is why, it is just a contingency fund, but by statistics and by history, we expect that there will be an increase in pay as well as in the number of new employees, Mme. Speaker.

REP. CASTRO (F.L.). With due respect to the Sponsor, Mme. Speaker, I beg to disagree.

Ang tendency po kapag nakapagtipid ang isang corporation ay hindi ito nagha-hire kung hindi ay nag-i-invest pa ng iba pa, at marami nang nangyaring ganoon na kung hindi ibinubulsa ay kung saan-saan dinadala at hindi ito mag-i-invest para makapag-generate ng trabaho. Gaya din noong sinabi natin na

sa Rice Tarrification ay nagmúra ang bigas pero hindi rin naman talaga dahil ganoon din naman ang impact noon sa negosyo.

Kaya ito rin po, nakikita ko rin po, Mme. Speaker, na ang batas na ito ay talagang kaparehas po ito noong TRAIN 1. Ito ay karugtong ng TRAIN 1 na kung saan pinatawan natin ng taxes ang mga oil industries pero ang domino effect po nito ay iyong sa prices, at binawasan po natin ang income tax noong ilang sektor sa TRAIN 1 pero nakuha rin iyong dagdag na ito noong kanilang suweldo doon sa pagtaas ng mga bilihan.

So ito naman, ibinababa natin iyong mga corporate taxes, ngunit para kaninong pabor, para sa mga korporasyon?

Mme. Speaker, ang impact nito ay sa trabaho, ang impact nito ay sa ating mga economic zones, ang impact nito ay doon sa ating mga workers.

So, ito lang po, Mme. Speaker, magandang hapon po.

REP. GARIN (S.). Thank you.

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION OF H.B. NO. 4157

REP. LACSON-NOEL. Mme. Speaker, I move that we suspend the consideration of House Bill No. 4157.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The consideration of House Bill No. 4157 is hereby suspended.

The Majority Leader is recognized.

REP. LACSON-NOEL. Mme. Speaker, we would like to acknowledge the presence of the guests of the Hon. Estrellita B. Suansing of the First District of Nueva Ecija.

THE DEPUTY SPEAKER (Rep. Escudero). The guests of Hon. Estrellita Suansing of the First District of Nueva Ecija will please stand. Welcome to the House of Representatives. (*Applause*)

REP. LACSON-NOEL. Mme. Speaker, they are: Edwin Ambrocio, Manager of Samahang Matatag Multi-purpose Cooperative; Ragudo Villamor, Manager of BAKUA Irrigators Association; Simplicio Ignacio, President of Samahan ng Magsasaka Bacayao, Guimba, Nueva Ecija, Inc.; Eduardo Selispara, Manager of BACMAL Irrigators Association; Ricardo Ramos, President of Reporma at Gabay sa Sakahan; Ede Ramos,

President of Sagingan East and West Farm Association; Roberto Celestino, Director of Farmers Business Resource Cooperative; and Hon. Pol Alcantara, Punong Barangay, Ugnayan Para sa Libreng Serbisyo or UPLIS sa Guimba.

Also, may I request that the presence of the following hardworking district staff and coordinators be also acknowledged. They are: Councilor Junior Bugaoan, Jasmine Cabagay, Councilor Conrado Dichoso, Councilor Marlon Lorenzo, Councilor Marjorie Agmata, Rolando Miguel, Thor Miguel, Councilor Deogracias Esteban, Councilor Crisostomo Roque Jr., Carlos Trinidad, Camille Fronda, Ramon Belmonte, Rhodora Estrada, Jerry Balajadia, Irineo Pascua, Ricardo Betes, Jose Pascua, Sixto Eman, Captain Faustino Villamar, Captain Ram Manuzon, Sinendo Juan, Simeona Fermin, and Carine Tangalin.

Again, Mme. Speaker, they are the guests of the Hon. Estrellita B. Suansing of the First District of Nueva Ecija.

I so move, Mme. Speaker. (*Applause*)

THE DEPUTY SPEAKER (Rep. Escudero). The guests of Rep. Estrellita Suansing will please stand up. Welcome to the House of Representatives.

The Majority Leader is recognized.

CONSIDERATION OF H.B. NO. 4157

Continuation

PERIOD OF SPONSORSHIP AND DEBATE

REP. LACSON-NOEL. Mme. Speaker, I move that we resume the consideration of House Bill No. 4157, and that the Secretary General be directed to read only the title of the measure.

THE DEPUTY SPEAKER (Rep. Escudero). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General is hereby directed to read only the title of the measure.

THE SECRETARY GENERAL. House Bill No. 4157, entitled: AN ACT AMENDING SECTIONS 4, 5, 20, 22, 27, 28, 34, 40, 50, 73, 112, 117, 204, 222, 237, 237-A, 255, 256, 257, 258, 261, 263, 264, 266, 275, 290, 291, 292 AND ADDING NEW SECTIONS 6-A, 282-A, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315 AND 316 ALL UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

THE DEPUTY SPEAKER (Rep. Escudero). The Majority Leader is recognized.

REP. ANDAYA. Mme. Speaker, I move that we recognize the Gentleman from the BAYAN MUNA Party-List, the honorable ...

REP. BONDOC. Mme. Speaker, for her chance to sponsor the measure, I move that we recognize the Vice Chairman of the Committee on Ways and Means, the Hon. Sharon S. Garin of Party-List AAMBIS-OWA.

I so move, Mme. Speaker.

THE DEPUTY SPEAKER (Rep. Escudero). Rep. Sharon S. Garin of AAMBIS-OWA is now recognized to sponsor the Bill.

REP. GARIN (S.). Thank you, Mme. Speaker.

REP. ANDAYA. Mme. Speaker, I move that we recognize the Gentleman from the BAYAN MUNA Party-List, the Hon. Ferdinand R. Gaité, to interpellate the Sponsor.

THE DEPUTY SPEAKER (Rep. Escudero). Hon. Ferdinand Gaité is now recognized.

REP. GAITE. Maraming salamat po sa ating kagalang-galang na Chairperson, sa ating Speaker. At, sa ating Sponsor, pahihintulutan ba ng Kinatawag ito na matanong ng ilang puntos hinggil sa ipinapanukalang batas?

REP. GARIN (S.). Yes, Mme. Speaker.

REP. GAITE. May ilan lang po akong katanungan hinggil sa layunin o objectives ng naturang CITIRA o CITIRA Bill. Una po, ayon sa inilabas na layunin at layunin ng naturang batas o panukalang batas, ang ilan sa mga layunin ay: first, to encourage investment by reducing the corporate income tax rate or CIT rate from 30 percent to 20 percent; second, to ensure that the grant of fiscal incentives helps bring in the greatest benefits such as higher and more dispersed investments, more jobs and better technology; third, to ensure fairness and transparency in the grant of fiscal incentives; and lastly, to enhance the accountability of taxpayers through a more efficient tax administration. Tama po ba sa ating kagalang-galang na Sponsor, Mme. Speaker?

REP. GARIN (S.). Yes, Mme. Speaker.

REP. GAITE. Mme. Speaker, mayroon na ho ba kayong tantiya, dahil sa pag-unawa ko ay may bigay-bawi, may ibibigay na dagdag na tax breaks, pero at the same time, tatanggalin naman o mababawasan iyong mga tax incentives?

Tama po ba iyong dating sinabi ng Department

of Finance na tinatantsa na ang government loss from companies by giving incentives ay umaabot ng P441 billion kada taon? At ayon sa Department of Finance, kalahati nito, ng P441 billion, ay ibinibigay sa mga kumpanya na hindi—companies receiving are deserving to get—only half of these companies are deserving of such incentives, Mme. Speaker.

REP. GARIN (S.). Mme. Speaker, first, by lowering the corporate income tax, the collections of the government, the revenues of the government in corporate income tax will be lower, but then, this will be compensated by the influx of foreign direct investments and other investments because of the low and competitive corporate income tax rate that we have as against the other countries in the region.

Second, the amount of P441 billion and P63 billion totaling to P504 billion is not a loss for the government, but it is the cost for the government to give incentives. Ang naibibigay po na incentives is P441 billion to 3,150 firms; that is not a loss but it is a cost to us. However, added to that is a one type of abuse that happens in these corporations which are the losses due to abused transfer pricing schemes. There is a certain arrangement among companies and then they could abuse what we call transfer pricing, na they can manipulate the prices between two companies, hence, control the reported revenue, pero this is a cost.

What do we expect to do with this? We lower the abuses because we simplify and rationalize the tax incentives, and on the other hand, we are not taking away incentives, but we want incentives that will give us back more for every peso that we give as incentives, that we get back to our government or to our people more than a peso benefit so that cost-benefit ratio lang ang hinahabol dito. And how it is structured right now with the thousands of companies getting incentives, with the hundreds of laws that we have on incentives, we need to rationalize to make sure that the right industries, the right people and the right businesses can get incentives and we could help them grow and give more to our country.

Kaya hindi po ito kikita at hindi rin po mawawalan ang gobyerno. There will be no big impact on the tax revenues of the government, Mme. Speaker.

REP. GAITE. Mme. Speaker, medyo naguguluhan ako kasi dito sa sinasabi pong rationalizing ng tax incentives, dahil nga apparently, nabanggit nga pong na-aabuso, ang layunin nga po ay magkaroon ng pagtatanggal ng pang-aabuso ng mga tinatawag na tax incentives. Iyong dating matatagal na—ano iyong sabi noong nakaraan? Perpetual na—forever na ang mga tax incentives, ito ay tatanggalin, meaning, ganansya iyon sa gobyerno kasi matatanggal iyong mga dating incentives na ibinibigay, pero ngayon, sinasabi ninyo na

ito po ay magiging neutral, meaning, hindi ito ganansya at hindi ito loss.

Puwede bang maipaliwanag ito nang mas malalim pa, Mme. Speaker?

REP. GARIN (S.). Tax incentives per se are not losses to the government. It is an investment of the government. What we expect to get back are more jobs, more indirect benefits like, kung dumarami ang employment ay dadami ang bibili, higher collections on value-added tax, even excise or customs' duties, aakyat iyong iba, and also the benefits of having the rural areas become more developed. Marami pa pong ibang pagbabawian, not directly with corporate income tax, again, I would like to restate that incentives are not losses. What we are losing is the opportunity to gain more from the incentives that we are giving. We want to get back more from the privileges that we give. If we would rationalize it, maganda sana kung if we concentrate on an industry, halimbawa agriculture, then we concentrate on agriculture which needs more help. If we concentrate on Mindanao, instead of concentrating on NCR, dahil congested na siya, then we can put more incentives or put more areas na privileged—that will be included in the SIPP. We are rationalizing, we are not taking away incentives, and that is why I stated before that it is neutral, ang epekto nito. It is just to maximize what we invested in these companies.

REP. GAITE. Maraming salamat, Mme. Speaker.

Iyon lang kasi ang reference na nakuha po namin na ayon nga sa Department of Finance, kalahati lamang noong ibinibigay na kabuuang tax incentives, kalahati lang ng mga kumpanya ang deserving, kung kaya para magkaroon ng karagdagang buwis na kinukolekta ang pamahalaan, ito ay ira-rationalize. Sa tingin po namin na sa halip na ito ay neutral, mayroon talagang ganansiya iyong gobyerno dahil makakapagdagdag ito ng mga buwis na dating hindi kinukolekta. Ngunit sa kabilang bahagi at nabanggit po ng ating Sponsor, Mme. Speaker, iyong sinasabing job generation. Ako nga po, sa nakikita ko, iyong job generation, nandito po doon sa sinasabing bawas. Iyong pagbabawas ng corporate income tax successively by 2 percent for the next year na sabi rin na expected loss ito from the CIT reduction of 2 percent, mag-a-average ito ng P52 billion per year, at ito nga iyong sinasabing matitipid ng mga malalaking kumpanya para ito ay mare-reinvest nila sa job creation. Tama po ba, Mme. Speaker?

REP. GARIN (S.). What do we lose sa pag-lower ng corporate income tax by statistics and by history, for every P1 million savings ng isang kumpanya, it will generate 3.56 jobs. So, may multiplier effect iyan. Now, even if you lose it from the corporate income tax, kung mas maraming nagtatrabaho or they get more

pay, they buy more, indirectly, the government will still collect taxes. In that effect kasi, we will have more sales, more consumption and probably more corporate income tax in other industries, as well as the increase in the value-added tax. So, bumabawi-bawi lang po iyon but eventually, by lowering the corporate income tax, we do expect an increase in the collections of the government, maybe not in the corporate income tax, but in other direct or indirect taxes.

REP. GAITE. Maraming salamat po sa inyong kasagutan, ngunit marami rin pong pag-aaral doon. Aware po ba kayo doon sa World Economic Forum na nagkaroon ng survey hinggil sa—ano ba ang sabi—na ang CITIRA ay mag-uudyok ng mas maraming investments sa ating bansa? Aware po ba kayo doon sa isang survey na ginawa na hindi po tax incentives ang batayan o pangunahing basis ng mga negosyante para mag-invest o hindi? Familiar po ba dito ang ating Sponsor, Mme. Speaker?

REP. GARIN (S.). Yes, Mme. Speaker, na hindi lang po iyong tax incentives, but the many variables that will affect a business to decide whether they want to invest in the Philippines especially sa foreign direct investments.

At this juncture, Deputy Speaker Escudero relinquished the Chair to Deputy Speaker Conrado M. Estrella III

REP. GAITE. Kung ganoon, G. Ispiker, bakit ito iyong inuna? Kasi ayon doon sa binabanggit na survey ng World Economic Forum, ang ilan sa pinakamatimbang na usapin ng magpapasya kung mag-i-invest o hindi ay iyong mga problema hinggil sa government bureaucracy, sa usapin ng katiwalian o korapsyon, infrastructure, among others.

Bakit inuna itong—actually panglima, kung hindi ako nagkakamali, na batayan para ang desisyon to invest or not to invest, ang inuna pa dito sa ilalim ng CITIRA na panukalang batas, Mr. Speaker, Mme. Sponsor?

REP. GARIN (S.). Mr. Speaker, there are actually 10 points of the socioeconomic agenda para po ma-address itong problema. The tax reform is just one part of the agenda. Halimbawa po, naipasá na natin iyong ease of doing business na batas, we have the Build, Build, Build Program in which we need infrastructure to attract more investors. Mayroon pa pong ibang rural development, land management, RH Law, Social Protection Program, science and the arts, human capital development—these are all being done simultaneously. Kaya lang po ngayong araw o ngayong pag-umpisa ng Kongreso, we are tackling all the economic policies that we could pass as soon as possible so we can attract

more, but we are mindful that there are other ways to address the problem. Iyan po ay hindi napapabayaan kasi nakikita naman sa programa ng gobyerno. These are all being done simultaneously, Mr. Speaker.

REP. GAITE. Salamat po, Mr. Speaker.

Sa ating proponent din ng panukalang batas, tulad ng nabanggit ni Representative Zarate, kasi iyong isa sa mga layunin, liban doon sa usapin ng investment, na sa aming pananaw ay speculative whether by simply addressing the issue of incentives, lowering corporate income tax, will be sufficient for investors to come in.

Nagulat din ako kahit din sa pangalan lalo na sa usapin ng job generation. Originally, the name of the CITIRA Bill was Trabaho Bill. Is this an admission na hindi ito magke-create ng trabaho kaya pinangalanang CITIRA?

REP. GARIN (S.). It depends on the Chairman of the Ways and Means, Mr. Speaker. This is just another abbreviation, but the objective is the same.

REP. GAITE. Kaya ko rin katanungan ito kasi kahit doon sa pag-aaral ng Department of Finance, sinabi na itong tax measure na ito will generate 1.4 million jobs. Tama po ba iyan, Mr. Speaker?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. GAITE. Okay. Ito ay lilikhain sa mga maliliit o katamtamang laki ng mga impresa o enterprises. Tama po ba iyan, Mr. Speaker?

REP. GARIN (S.). Yes, Mr. Speaker. It was from small, medium to large companies.

REP. GAITE. Mr. Speaker, sabi rin ng kagalang-galang na Finance Undersecretary Karl Kendrick Chua, iyong job losses ay mayroon din, but would be very minimal. Mayroon na ho ba kayong pag-aaral kung gaano karami ang tinatantiyang epekto ng pagbabawas ng trabaho dahil tinanggal o binawasan iyong tax incentives sa mga malalaking impresa?

REP. GARIN (S.). As I stated earlier, Mr. Speaker, for this package, we are lowering the corporate income tax. Hence, it is estimated that the companies will save around P800 billion, if I am not mistaken. For every P1 million that they save, statistically, 86 percent of that is used for labor, and for every P1 million, it will generate 3.5 jobs, more or less. So, we do expect, in the long run, that more jobs will be created by the CITIRA due to the rationalization of the fiscal incentives, Mr. Speaker.

REP. GAITE. Salamat po, Mr. Speaker, ...

REP. GARIN (S.). Mr. Speaker.

REP. GAITE. ... pero sa kabilang bahagi, medyo nagugulat po kami kasi iyong mga directly involved in the said industries, ang sabi ng Semiconductor and Electronics Industries in the Philippines Foundation Inc. or SEIPI, sabi nila sa isang statement, "the Bill would force them to lay off 140,000 workers." Ayon naman sa Philippine Ecozones Association o PHILEA, the Semiconductor and Electronics Industries in the Philippines Foundation, the IT & Business Process Association of the Philippines, the Confederation of Wearable Exporters of the Philippines or CONWEP, ang tinatantiyang bilang ng mga matatanggal sa trabaho ay 1.5 million. Paano po natin ire-reconcile ito, Mr. Speaker?

REP. GARIN (S.). Mme. Speaker, these companies, hindi po mawawalan ng incentives. They will just be rationalized, but in the records taken from all agencies and also from the investment zones—in fact, the cost-benefit ratio on electronics is for every peso that we spent there, we only get back 0.31 centavos. Now, this does not mean that we do away with their incentives; we rationalize them. We choose what incentives will be more fitting for the electronics companies, and also for BPOs. These were given incentives when they were infant industries. Now, they are not infant industries but they are probably one of the biggest employers in the country. We have to adjust the incentives that are fitting for such company, so that we can get back the cost-benefit ratio for every incentive that we give. For every peso that we spent on these companies, we need to get back more than P1. We need to get back not less than P1, which we are doing right now, when in fact for voice BPO, it is almost zero—the cost-benefit ratio is zero, almost zero, non-voice BPO is 0.68. Sa electronics po 0.31. Mababa po iyong benefits natin kung ano ang sa ibinibigay for every peso that we give as incentives, and that is subjective. We are not eliminating incentives in all industries, we are rationalizing, fitting what they need and what will be more beneficial for the Filipinos as well for the government to collect to have the benefits that are commensurate to what we are giving, Mr. Speaker.

REP. GAITE. Mr. Speaker, isa pa ring palaisipan pa sa amin na ang ginagamit na termino ay inira-rationalize ang incentives pero, at the same time, alam naman na ang epekto nito, ang bottom line ay pagbabawas ng mga incentives na ito. Ngunit alam naman natin, tulad ng nabanggit, puwedeng mag-reapply muli ang mga impresa para pakinabangan pa rin nila itong tinatawag na mga incentives. Nabanggit na ngang magkakaroon ng pagbabago ng teknolohiya, iyong value-added na mga sistema at iba pa. Pero ang sabi nga natin, the

proof of the pudding is in the eating. Bakit po? Kasi eh sa nababahala kami na mismo imbedded sa naturang panukalang batas ay itong tinatawag na structural, nasaan na iyon? Adjustment fund iyan.

Pahintulutan po akong basahin ang Section 312:

The following amounts shall be appropriated to compensate workers that may be displaced by the rationalization of fiscal incentives to improve employability of workers and for the development of infrastructure within economic zones and freeports that may be affected by this Act.

At mayroong mga sinasabing mga halaga na tulad ng:

The amount of five hundred million pesos (P500,000,000) shall be appropriated annually, in addition to any adjustment fund appropriated under the budget of the Department of Labor and Employment, to provide targeted cash grants or other support programs to displaced workers or firms that may be affected by the rationalization of fiscal incentives.

Mayroon ding trainings, targeted trainings to displaced workers, na ganoon din ang halaga—P500 million at mayroon pang Skills Upgrade Program for the IT-BPO affected employees in the tune of P5,000,000,000. Hindi ho ba kaya tayo nag-i-earmark ng ganitong halaga dahil doon sa “safety nets” for those who will fall from the effect of the CITIRA Law, Mr. Speaker?

REP. GARIN (S). Mr. Speaker, it is a mere Contingent Fund. The proposal actually says it may be available for—it is not expected that it will be utilized, but it is a contingency for—because to assure the current—those that are employed by these companies that because of the clamor that they have had, it is to assure them that the government will protect them from whatever consequences the CITIRA has, but it is not a consequence that the proponents of this Bill expect, kasi po, actually, it is the other way around—we expect jobs, more jobs to be generated because of the CITIRA Law because of the lowering of income tax. More foreign direct investments will come in and it will not eradicate all the incentives; it will just rationalize. Pipiliin po ang mga bagay na insentibo to those companies that deserve it.

Ang isa po kasi, there are many fears. Maraming companies ang natatakot po about rationalization but there are many ways to get the incentives. We are just streamlining at marami po—halimbawa po ngayon, ang PEZA, I think, has about 300 locators in NCR out of

the 500 ecozones. Is that correct? Most of the ecozones are here in Metro Manila. There are less ecozones in Iloilo, in Cebu, and in other provinces. What we want is to develop more ecozones in the other areas of the Philippines which we badly need. Kaya po this is just rationalization; this is not elimination or eradication of the current incentives. It is rationalization para kung anong bagay sa industriya mo, iyon iyong insentibo na ibibigay natin, Mr. Speaker.

REP. GAITE. Maraming salamat po, Mr. Speaker. Kaunting ano lang, se-segue lang ako po nang kaunti, pero sa government po, mga government employees, alam ninyo pong allergic kami diyan sa term na “rationalization,” kasi noong 2004, inilabas iyong Executive Order No. 366. Ito po iyong Rationalization Plan sa gobyerno at iyan din po ang sabi—hindi po magbabawas ng kawani sa gobyerno. Ang sabi, ir-rationalize lang, pero ang bottom line, after 2004 until the last implementation in 2012, ang bottom line po, 160,000 government workers ang natanggal—na-“rationalized,” pero ang original na objective ay gawin lang tama iyong bilang ng kawani sa loob ng mga ahensya ng pamahalaan. Pero iyong term na “rationalization,” tanungin ninyo po iyong mga government workers, allergic ho kasi iyong bottom line, iyong final effect is the reduction of the bureaucracy and, unfortunately, ang ipinapalit nga daw ngayon, hindi naman daw nabawasan, nadagdagan pa nga. Well, it is true, nadagdagan ngayon iyong burokrasya, but not regular workers anymore. Majority are now job order, contract of service, casual workers, and the like. So, iyon lang po iyong kaunting dagdag na information pero...

REP. GARIN (S.). Thank you, Mr. Speaker.

REP. GAITE. ... balik po tayo doon sa katanungan. Nagbanggit po kayo ng mga halaga na ito—iyong P500 million para sa mga displaced workers at iba pa. Mayroon ho ba kayong idea saan ho nanggaling iyong figure? Mayroon na ba kayong parang study na kaya ginawa ninyong P500 million iyong support ay mayroon na kayong idea kung gaano karaming empleyado at manggagawa ang apektado nitong CITIRA Law, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, ang P500 million po is computed based on the tax incentives that we give out to the different companies. It is composed of the different types of taxes: income tax, custom duties, import VAT, local VAT, local business tax, at saka iyong mga leakages due to these duties. But this is not actually a loss, this is an investment, Mr. Speaker.

REP. GAITE. Salamat po, Mr. Speaker.

Kaya po itinatanong ng Representasyong ito ang mga ilang mga katanungang ito dahil nga po nitong mga nakaraang mga taon sa administrasyon ni Pangulong Duterte, napakaliit din kasi ng nalilikhang trabaho. Between 2016 to 2018, in the past few years, 162,000, from said number of years ang natanggal na sa trabaho at marami pang natatanggal bunga noong pagkalugi, nagsasarang mga impresa. Oo, mayroong nililikhang bagong trabaho, pero iyong net effect niya ay maliit lamang ang kabuuang na-create na jobs.

Kaya nga po itong issue ng effect ng CITIRA Law sa trabaho ay isang napakahalagang usapin dahil ayaw siguro natin na magkaroon ng bagong batas na, tulad ng pangako noong TRAIN 1, na lilikha ng mas malaking revenues para sa gobyerno, hindi maglilikha ng implasyon, pero baligtad iyong nakita natin.

Kung maaalala natin noong 2018, sumirit ng 6.8 percent ang inflation noong August, September, October, kaya't ito na naman iyong mga sinasabing layunin o objectives na hindi necessarily tumutugma doon sa layunin natin na pagandahin ang kalagayan ng ating ekonomiya na lilikha ng mas maraming trabaho.

Naniniwala po ang Kinatawang ito na talagang dapat bigyan natin ng mas mataas na subsidyo ang ating mga lokal na mga medium-scale and microenterprises. At, tama rin, dapat nga iyong buwis, iyong mga tax perks ng mga malalaking negosyo ay dapat talagang bawasan, pero dapat, dahil ang ating mga SMEs ang lumilikha ng pinakamaraming trabaho—ayon sa DTI, MSMEs o micro, small and medium enterprises, it generated a total of almost five million jobs, 4.92 million jobs in 2001 versus 2.9 million jobs for the large enterprises.

Kaya hindi ba dapat siguro ang ating mga panukalang batas ay para tulungan iyong ating maliliit o katamtamang laki ng mga impresa na lumilikha ng pinakamaraming trabaho sa ating bansa ngayon, hindi tulad nitong CITIRA na ang makikinabang lang ay ang mga malalaking kompanya, Mr. Speaker?

REP. GARIN (S.). Mr. Speaker, the effect of TRAIN 1 was not the main cause of the inflation. If we remember correctly, there was also an issue on the oil, the peso depreciation, and many other factors like the rice supply. Siguro, ang isang substantial increase doon was the increase on tobacco, because of the increase on the sin taxes, but it was a convergence of different variables. Probably, I would venture to say na may epekto rin iyong TRAIN 1, but it is minimal compared to the effects of oil prices, of the peso depreciation and all the other factors.

REP. GAITE. Mr. Speaker, ...

REP. GARIN (S.). I just ...

REP. GAITE. ... doon sa usapin ng implasyon, doon sa mga ibang pag-aaral na naganap, lalo na sa panahong ito—Agosto, Setyembre, Oktubre ng naturang taon—ang Pilipinas, kung ihahambing dito sa mga bansa sa Asya, ang may pinakamataas na implasyon.

Ang sabi po, nabanggit na ang pagtaas ng presyo ng langis, totoo at major factor iyan, pero ang katanungan namin, bakit sa mga bansa tulad ng Thailand at Singapore, mga non-oil-producing countries at sa iba pang bansa sa Asya, relatively ang tax, ang inflation nila, mas mababa kaysa sa 6.8 percent natin. They, too, were affected by the increasing prices of oil in the world market. However, the main difference is that the TRAIN Law imposed an increase in the excise tax on top of the increase in the price of oil in the world market. Hindi ba iyon ang talagang dahilan sa sumirit na inflation sa pagpapatupad ng TRAIN Law, Mr. Speaker?

REP. GARIN (S.). Again, Mr. Speaker, the TRAIN 1 was one factor, but there are many factors that affect inflation. In fact, in other countries, kahit sabihin mo na the inflation rate was not as high as ours, equally, their growth rate was also slow, and these countries did not invest in infrastructure as much as we did. There are different circumstances affecting inflation, and different circumstances in each country. It is not comparable as of now, unless we are of the same economic structure, pero iba-iba po. Again, TRAIN 1 is not the only variable that caused that 2017 inflation, Mr. Speaker.

REP. GAITE. Maraming salamat po sa kasagutan, Mr. Speaker.

Bilang panghuli, kami po ay nababahala na dahil ayon kay Department of Finance Undersecretary Chua, sa isang Committee hearing, ang sabi niya, mababa na actually iyong corporate income tax na 30 percent dahil ang aktuwal na binabayaran ng mga kumpanya, kasama iyong incentives, ang effective tax rate lang nila ay hindi 30 percent, umaabot lang ng 6 hanggang 13 percent. Practically, lowering the CIT will already greatly benefit the large corporations. Ngayon lang nakikinabang na sila at lalo pang makikinabang dito sa pagbaba ng naturang corporate income tax.

Panghuli, ang Kinatawang ito ay naniniwala na ang CITIRA po ay hindi maka-manggagawa. Hindi po ito lilikha ng mas maraming trabaho. Hindi rin ito para sa ating maliliit at katamtamang laki na mga impresa sa ating bansa. Walang kongkretong katibayan na ito ay lilikha ng mas maraming trabaho tulad ng nabanggit ng nauna nating interpellator, na walang assurance ng job creation, at batay na rin sa mga binanggit ng mga involved sa industry, ang sabi nila, mas malaki ang potential na ito ay lilikha ng mas maraming job losses, and the fact that naglalagay nga ng provision for subsidy, proof iyan na ito ang effect ng CITIRA.

Mabigat na itong burden sa mga manggagawa

ang pagpapatupad ng TRAIN Law. Naniniwala ang Kinatawang ito, hindi sa pakinabang ng mga mamamayan, lalo na ng mga manggagawa, ang pagpapatupad ng CITIRA.

Maraming salamat po at isang magandang gabi sa ating lahat.

THE DEPUTY SPEAKER (Rep. Estrella). Maraming salamat po, Gentleman from BAYAN MUNA Party-List.

The Majority Leader is recognized.

REP. BOLILIA. Mr. Speaker, I move that we recognize the Lady from the Second District of Marikina City, the Hon. Stella Luz A. Quimbo, for her interpellation.

THE DEPUTY SPEAKER (Rep. Estrella). The Lady from Marikina City is hereby recognized.

REP. QUIMBO. Mr. Speaker, as an economist, I have long been advocating for the reduction of income tax fees on corporations and, at the same time, rationalizing fiscal incentives. I have, in fact, published some studies that showed empirical evidence for this. So, I welcome the development on this Bill which is potentially a good law. But, Mr. Speaker, would the distinguished Sponsor, the Representative of AAMBIS-OWA yield to some questions?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, madalas pong sabihin na isa sa magandang feature ng panukalang batas na ito ay wala na tayong forever na incentives. Tama po ba, Mr. Speaker?

REP. GARIN (S.). Correct, Mr. Speaker.

Currently, some entities enjoy GIE where they pay 5 percent tax on gross and is not time bound. There is no time limit so they are forever enjoying the benefits.

REP. QUIMBO. But the general rule is that there is no forever, Mr. Speaker. Please confirm that the proviso in Section 294 embodies this principle and let me read that proviso which states in part:

Provided, further, that in no such case shall an income tax incentive be extended beyond the initial grant of five (5) years, except those provided under Section 294 (A), paragraphs 7 and 9, Sections 295, 296 and 297.

And if we combine this with the sunset provision as stated in Section 310, generally speaking, wala na pong forever. In other words, there is a finite end to incentives. Tama po, Mr. Speaker?

REP. GARIN (S.). That is correct, Mr. Speaker, and the incentives will also depend on the location, as well as some activities, whether you are already enjoying it for a certain number of years, there is a certain grace period.

REP. QUIMBO. Okay. The reason I asked, Mr. Speaker, is that while we keep saying na wala nang forever dito, the distinguished Sponsors in this session, as well as in the last session, have also repeatedly stated that there are renewals, meaning reapplications are allowed. Mr. Speaker, paulit-ulit ko pong binasa ang draft Bill at wala akong nakitang klarong provision na nagsasaad na puwede mag-renew ng incentives, kaya ko po itinanong kung ano ba talaga ang provision na nagsasaad clearly na puwede pong mag-reapply?

REP. GARIN (S.). The renewal will depend on the activity and if the company has to qualify, it has to go through the FIRB, in which the decision of the FIRB will depend on the SIPP as well. It will be centralized with the FIRB, pero any decision will be prepared by our economic managers, and the renewal will depend kung what they see are the industries or the activities that deserve to be renewed or extended with such privilege.

REP. QUIMBO. Mr. Speaker, can you kindly state which particular provision of the Bill you are referring to?

REP. GARIN (S.). Under Section 294 on “Incentives,” the main provision that would apply in this case is that “registered projects or activities under the SIPP shall be qualified to income tax incentives and enhance deductions...” and so on. The DOF, the proponent of this Bill, will actually leave it to the FIRB to decide which industries and which companies will deserve the renewal of their incentives.

REP. QUIMBO. What you are saying, Mr. Speaker, is that while it is not stated point blank in this current version, in the procedures of the FIRB, that is a possibility?

REP. GARIN (S.). Basically, all these incentives rationalization will be based on the SIPP, how will they formulate that, if renewal is allowable or is possible or may qualify. The basis of this, as mentioned in the proposed law, is the Strategic Investment Priority Plan of all the different agencies.

Yes, Mr. Speaker, it is not stated explicitly in the law, but that is how the proponents have envisioned the role of the SIPP and the FIRB.

REP. QUIMBO. Mr. Speaker, are you open to the possibility of clarifying the language of the law in order that there is certainty among the business people that there is such a possibility?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, what I have here in the slide is a hypothetical BPO. It is a three-year-old BPO and PEZA-registered. What I did here was I assumed simple numbers.

REP. GARIN (S.). They do not look simple, Ma'am.

REP. QUIMBO. But what I did here, basically, was to compute the taxes due. In the first three years, because it is PEZA-registered, in this simple example, their total taxes due is P30,000.

REP. GARIN (S.). Okay.

REP. QUIMBO. Now, once this Bill becomes a law, and if we apply the sunset provisions, they get extra two years. Right?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. So, there is a sunset provision. They get extra two years of ITH. After that, if we apply Section 294, that means that by the year 2022, the new CIT rate would be applied to this company which is 27 percent in 2022, and the following year, it would be 26 percent, and in addition, local taxes of, let us say, 5 percent if this is located in the NCR would apply. The point of the slide is simple. Today, they pay taxes of P30,000. By 2022, they pay taxes equivalent to P165,000. Ganoon po kalaki, Mr. Speaker, ang ilalaki ng taxes ng BPO na ito.

Ang tanong ko po, Mr. Speaker, hindi kaya magsisialisang ang BPOs dito para magsitirahan sila sa ibang bansa?

REP. GARIN (S.). Noted, Mr. Speaker. But there are also other ways in which these companies can get incentives, where they can get 100 percent on research and development, 50 percent on labor, 100 percent on training, 50 percent on domestic input, NOLCO for five years. There are different ways to get incentives and maybe we can put that into consideration in the calculation, and we would appreciate it if we can be provided with the calculations so that our researchers can also assess, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, I am happy that there is some openness to addressing this particular problematic situation. Kasi po, Mr. Speaker, baka naman po talagang kailangang mabigyan ng flexibility ang incentive-granting authority para habaan ang incentives for selected industries. Personally, Mr. Speaker, I believe that the key to rationalizing incentives is really to have a rational process of granting incentives.

In other words, if we have a rational decision-making body, and that body is able to balance two objectives, revenue generation on one hand and industry promotion amidst market failures on the other hand, that I believe is an ideal situation.

Mr. Speaker, because we have talked about the process, I would like to ask some procedural questions. Sa ngayon po, Mr. Speaker, who has the power to approve the granting, suspension, cancellation or withdrawal of incentives?

REP. GARIN (S.). Mr. Speaker, right now, it is the IPAs that have the power to do or do you mean under the CITIRA?

REP. QUIMBO. Under the proposed Bill, it is the IPAs, Mr. Speaker.

REP. GARIN (S.). Under the current system, it is the IPAs. Under the proposed Bill, it will be the FIRB, Mr. Speaker.

REP. QUIMBO. Okay. Under that current Bill, at least the one being circulated to the Committee members, there is a situation where the FIRB can weigh-in, which is where the activity poses risks to the environment, health and economic stability. Mr. Speaker, could you kindly define what economic stability means? What situation would constitute economic instability, in which case, the incentives would now have to be decided upon by the FIRB?

REP. GARIN (S.). Mr. Speaker, the current proposal, yes, it has enumerated three situations, but the Committee is actually willing to amend such provision to accommodate all instances.

REP. QUIMBO. In other words, Mr. Speaker, in all cases, the decision-making body over incentives is the FIRB.

REP. GARIN (S.). Correct, Mr. Speaker.

REP. QUIMBO. Is that right, Mr. Speaker?

REP. GARIN (S.). That is correct, Mr. Speaker.

REP. QUIMBO. I actually agree to this approach. I am happy that this is actually a welcome development because I think that when you have a board that is composed of the DOF, the DTI and the NEDA, that means you can bring together different perspectives in deciding on incentives. So, hindi lang po revenue generation ang titingnan natin, kundi nandiyan na rin po ang pag-promote ng industriya kasama na rin po, dahil

nandiyan ang NEDA, ang over-all inclusive economic growth.

Ngayon naman po, hindi ba puwede rin po, Mr. Speaker, na magkamali ang FIRB? Tao lang din naman po sila, Mr. Speaker, tama po ba?

REP. GARIN (S.). Mr. Speaker, anything is possible, but we have to have faith in our system, in the officials running it, as well as in ourselves, Mr. Speaker.

REP. QUIMBO. Buti po sana kung puwede nating i-clone si Secretary Sonny, kaya lang ang problema hindi puwede. Ang problema is in the future. Paano kung hindi na si Secretary Sonny? Would you believe or agree, Mr. Speaker, that the FIRB should have some checks and balances, Mr. Speaker?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. Would you agree na sana magkaroon ng veto power ang Presidente over the FIRB?

REP. GARIN (S.). Currently, the Committee's proposal is to include the Office of the President through the Executive Secretary, hence, the President will be represented in the board already, Mr. Speaker.

REP. QUIMBO. But, Mr. Speaker, the Executive Secretary will be a member of the board, right?

REP. GARIN (S.). Yes, representing the Office of the President.

REP. QUIMBO. Yes, but as a board member, he will be bound by the decision of the board. In a situation where a party that is adversely affected wants some form of redress, what options are available?

REP. GARIN (S.). Like any decision whether it be judicial, legislative or executive, there are remedies that are available. In fact, they can appeal this to the President, to the Executive Secretary, to the Secretary of Finance or for a reconsideration of the Board, Mr. Speaker.

REP. QUIMBO. Okay, sa ano na lang po, Mr. Speaker, pag-isipan na lang natin ang maganda sanang checks and balances para sa isang multifaceted body tulad ng FIRB.

Mr. Speaker, I will move to a different topic, but still a procedural one. Is it correct to say that a tax incentive is effectively an appropriation because we lose potential tax revenues?

REP. GARIN (S.). It is. Like what we have done in the TIMTA, it is an expenditure, Mr. Speaker.

REP. QUIMBO. Yes, in which case, would you agree with me, Mr. Speaker, that one of the functions of the FIRB should be to report to Congress on a regular basis, let us say, on a monthly basis its approvals, suspensions, withdrawals of incentives including the methodology utilized to arrive at these decisions?

REP. GARIN (S.). Yes, Mr. Speaker. In fact, we have a Congressional Oversight Committee, whether for TIMTA or for tax revenue generation.

REP. QUIMBO. But I hope, Mr. Speaker, that you would consider an even more structured way of reporting because this is a very important issue. Remember that the methodology that the FIRB uses to grant incentives, that arguably is a black box to the public, right? So, there is like a mathematical model used by Usec. Karl Chua. We do not know what assumptions he would be employing to generate these recommendations.

So, I think, it would be best for this Board to report to Congress on a monthly basis.

REP. GARIN (S.). I agree, Mr. Speaker, and if Representative Quimbo can present to us any suggestions on how to proceed with her suggestions, then the Committee would be willing to review the suggestions, Mr. Speaker.

REP. QUIMBO. Thank you, Mr. Speaker. Now, I move to questions on due diligence. Mr. Speaker, in 2015, Congress passed the Tax Incentives Management and Transparency Act or TIMTA for the singular purpose of determining the merits and demerits of tax incentives. In the past, tax incentives were given left and right, and many people thought that it is without proper assessment or without science, and so the TIMTA sought to correct that and put in place a mechanism for collecting data on incentives. In that law, the NEDA was mandated to undertake a cost-benefit analysis using such data.

My question is, has the NEDA been able to complete and submit this cost-benefit analysis to the Committee?

REP. GARIN (S.). It is correct that the taxes were given left and right. In fact, there are about 549 ecozones and freeports, and there are 342 special laws and 13 IPAs, and each has their own regime on how to give out incentives. With the TIMTA Law having been passed back in 2015, there is a cost-benefit analysis that I have seen already which I think the good Congresswoman Quimbo can understand better.

Yes, they were able, in fact, years before 2015, it was not possible or it was inaccurate to do such analysis, but now, they have better tools to do the cost-benefit analysis.

REP. QUIMBO. So, the answer is yes?

REP. GARIN (S.). Yes.

REP. QUIMBO. Mr. Speaker, is there a study that has been completed?

REP. GARIN (S.). There has been a study completed by the Department of Finance, together with the NEDA.

REP. QUIMBO. What are the findings of that study? Well, the reason I asked, Mr. Speaker, is that when I checked with the NEDA, they said that they have not been able to complete the study because of data issues. And based on the law, it is the NEDA that is mandated to come up with a cost-benefit analysis.

REP. GARIN (S.). Should the good Representative allow us, we can provide her with the study submitted by the NEDA, and although it is incomplete, eventually, it will be completed by the NEDA, together with the DOF. It can be made available and we can submit it to your office, Mr. Speaker.

REP. QUIMBO. But, Mr. Speaker, my understanding, based on my conversation with the NEDA, the problem has to do with the data limitation, meaning, you only have one data point in time, and because you are looking at the dynamic concern, you need at least two data points.

I will not belabor this point, Mr. Speaker. My only concern is that this law cannot be excessively restrictive in treatment and overbroad in scope especially without the benefit of a solid analysis using the TIMTA data.

Mr. Speaker, rationalizing incentives is like using a strain to filter water. You need a strain to filter water, a strain to remove your unproductive incentives as well as redundant incentives. However, Mr. Speaker, as we all know, if the strain is too fine, even your clean water will not be able to pass through that strain. In short, even good performing industries that need to be supported, perhaps, like the BPOs, might end up without the needed support. In short, we do not really want a law that will end up creating this excessively fine strain and leave some industries dry.

Is it correct to say, Mr. Speaker, let me just move on to my next point, that the purpose of reducing corporate income tax is to increase foreign direct investments?

REP. GARIN (S.). That is one of the consequences, Mr. Speaker.

REP. QUIMBO. So mayroon din naman pong effect sa domestic investments. Tama po?

REP. GARIN (S.). Almost 90 percent of the companies pay 30 percent income tax and most of those companies are SMEs. The biggest beneficiaries of the lowering of corporate income tax will be the SMEs that pay the regular corporate income tax and do not avail of any incentives from any source.

REP. QUIMBO. Mr. Speaker, what you are saying is, because we lower CIT, even our domestic SMEs will also expand their own domestic investments. In addition to the FDIs, we are also set to increase domestic investments.

In addition, would you agree with me that by lowering the CIT we can also expect increased compliance among firms, meaning, right now, we know, Mr. Speaker, that an issue is that there are many firms that are non-compliant. They do not pay corporate income taxes properly. My question is, would you agree with me, Mr. Speaker, that another benefit of lowering CIT is increasing the tax base of corporations?

REP. GARIN (S.). Yes, Mr. Speaker. Also, it is an added simplification of the tax incentives; hence, for the rationalization then, administratively, compliance will be easier for the BIR, as well as for the DOF and the Bureau of Customs.

REP. QUIMBO. Thank you, Mr. Speaker.

So let me ask, what are the DOF's estimates on the revenue impact of the lowering of CIT?

REP. GARIN (S.). The corporations are calculated to save ...

REP. QUIMBO. For the first year.

REP. GARIN (S.). For every 1 percent, it is calculated that there will be 23.6 percent savings.

REP. QUIMBO. In terms of billions of pesos, what is the expected revenue impact on the first year?

REP. GARIN (S.). I am sorry. It is P23.6 billion, Mr. Speaker.

REP. QUIMBO. Okay, and in that computation, Mr. Speaker, did the DOF consider all these effects that we had just mentioned earlier, meaning, are they just looking at the lost revenue because you lowered the taxes? Did you factor in the benefits, meaning, the increase in the tax base, because now your domestic investments are more, because your compliance is better among corporations?

REP. GARIN (S.). That is not included, Mr. Speaker.

REP. QUIMBO. Yes. I noticed that, Mr. Speaker. When I looked at the DOF's estimates, those are very important non-trivial effects.

My own study suggests that every 1 percentage point reduction in corporate income tax predicts an increase in domestic investment of P30.6 billion. It is a non-trivial amount. So, I am wondering why the DOF seems to have overlooked this as this is a very important number. The reason I pointed this out is that when the DOF underestimates the good things, then it gives additional pressure on Congress to pass all of these tax revenue measures.

REP. GARIN (S.). Yes, the good Representative is correct and the reason why it was not included is that the effect is medium-term and not immediate. So, the DOF calculation is on the conservative side, Mr. Speaker.

REP. QUIMBO. I just hope that as you go into the period of amendments, I hope that the DOF can refine its estimates. Thank you, Mr. Speaker.

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. May I also ask, at this point, the estimated employment effects? Earlier, Mr. Speaker, Representative Gaithe and Rep. France Castro asked this question on how many workers are expected to lose their jobs. So, let me just ask it in a different way. The Bill proposes an earmark of P1 billion for displaced workers. In other words, Mr. Speaker, there is a projection that people will lose jobs, right? And so, I would like to know how many are those? What is the DOF's estimate of displaced workers?

REP. GARIN (S.). Again, Mr. Speaker, it is a mere contingency. In fact, it is expected that the lowering of corporate income tax will generate around 1.5 million jobs, new jobs, Mr. Speaker.

REP. QUIMBO. But, Mr. Speaker, there were studies that I had seen, conducted by business groups, which were conducted by industry associations, indicating their estimate of displaced workers. I am somewhat disappointed that the DOF had not factored in those numbers considering that you had put in an earmark of P1 billion into the Bill. Again, Mr. Speaker, I hope that you take those studies into consideration as you amend.

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, as we had mentioned earlier, one of the purposes in reducing the CIT is to attract more FDIs?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, today, which do you consider as the most important competitor, at least among our ASEAN neighbors?

REP. GARIN (S.). Mr. Speaker, for the FDIs, for the foreign direct investments?

REP. QUIMBO. Yes, Mr. Speaker.

REP. GARIN (S.). It will depend on the type of industry. For manufacturing, that will be Vietnam, and for India, for example, it would be the non-voice BPO, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, since you mentioned Vietnam, what is the current corporate income tax rate of Vietnam?

REP. GARIN (S.). The current rate of Vietnam is at 20 percent.

REP. QUIMBO. Under this Bill, when will our CIT be exactly the same as the rate of Vietnam at the moment, which is 20 percent?

REP. GARIN (S.). It will be in 2029.

REP. QUIMBO. It is 2030, Mr. Speaker, right? So, that is 11 years from now. Would you agree with me, Mr. Speaker, that the reduction in tax rate is a little bit too slow? By the time makita po ng ating mga kapitbahay kung ano na ang ating approved tax rates in the next 10 years, hindi kaya magsibabaan din po sila, therefore, engaging us in a form of tax war?

REP. GARIN (S.). That is ...

REP. QUIMBO. In fact, it is not even a close tax war because it will take us 10 years to get to where they are today, Mr. Speaker.

REP. GARIN (S.). Yes, that is correct, Mr. Speaker, but for fiscal prudence, there is a gradual reduction, and, in fact, the President has the power to hasten the lowering or the adjusting of the corporate income tax should variables come together. He has 10 years, we need not wait for 10 years if all the economic factors are in the right place, Mr. Speaker.

REP. QUIMBO. Yes, before I leave that idea, Mr. Speaker, I would like to appeal to you that perhaps, because we are underestimating the investment effects of lowered CIT, we are probably thinking that the

reduction which is very slow is just right. Perhaps, again, in proposing amendments to the Bill, I appeal that you take a look at other studies, Mr. Speaker.

REP. GARIN (S.). Yes, Mr. Speaker, in fact, there is a possibility that we could hasten the lowering of corporate income tax, and also, other variables are being considered like the revisiting of the foreign direct investment-related laws like the Public Service Act and the Foreign Investments Act, Mr. Speaker, and the Retail Trade Law.

REP. QUIMBO. Mr. Speaker, is export orientation a criteria for inclusion in the SIPP?

REP. GARIN (S.). Yes, Mr. Speaker.

REP. QUIMBO. Which version, Mr. Speaker? I have looked at the current version many times and I have not seen it. “A” refers to inclusion in the Philippine Development Plan; “B” refers to increase in investments, et cetera. I have not seen the word “export” in that list of criteria for inclusion in the SIPP, Mr. Speaker.

REP. GARIN (S.). The intention is to do so; hence, the Board of Investments is the one that will formulate the SIPP and they are supposed to be the FDI arm of the government or in the DTI, Mr. Speaker.

REP. QUIMBO. Mr. Speaker, for purposes of reducing uncertainty again in the business environment, it might be good to state point blank the inclusion of export-oriented companies, and besides, there is flexibility for you to define such, Mr. Speaker.

REP. GARIN (S.). Yes, the point is well taken, Mr. Speaker.

Thank you very much for the suggestion, Congresswoman Quimbo.

REP. QUIMBO. This has been asked earlier, Mr. Speaker, but I would like to ask it again just to make a short manifestation later on—how many laws, Mr. Speaker, does this Bill seek to amend?

REP. GARIN (S.). Currently, we have 45 laws in the list, Mr. Speaker, on the repeal clause of the current Bill.

REP. QUIMBO. But, Mr. Speaker, you have a single Bill amending 45 laws. Is that right, Mr. Speaker?

REP. GARIN (S.). Yes, Mr. Speaker, but only as far as tax incentives are concerned, and by amending any tax-related laws, which its provisions, I think, within the

coverage of the current Bill, which is the amendment of the NIRC, Mr. Speaker.

REP. QUIMBO. This question was raised earlier, but I wish to ask it again. Would you think, Mr. Speaker, that this is in violation of the one subject, one bill principle of Article VI, Section 26, paragraph one of the 1987 Constitution?

I know, Mr. Speaker, that you have already given a response earlier. Siguro po, may kasabihan na kung mayroon daw pong 10 abogado sa isang kuwarto ay magkakaroon ka rin ng 10 opinyon at ang kada isa po sa 10 abogado na iyan ay masasabing tama po sila. Kaya siguro po, maganda na lang po na, I would just like to manifest this constitutionality issue raised by this Representation, but of course, we can park that at the moment.

Anyway, that was my last question, but I would like to end, Mr. Speaker, with a manifestation that last week, this Representation submitted six individual proposed amendments to the Committee on Ways and Means, and today, I received the formal reply from the good Chairman indicating that out of the six, he agreed with one and, basically, disagreed with the five others.

As a result of today’s session, I intend to submit two more proposed individual amendments for your consideration at the appropriate time. Sana naman po, on the basis of this discussion, ay ma-reconsider po ang mga amendments na na-submit natin.

Maraming salamat po, Mr. Speaker.

REP. GARIN (S.). Thank you, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Estrella). Maraming salamat din po sa inyo, distinguished Lady from the Second District of Marikina.

The Majority Leader is recognized.

SUSPENSION OF SESSION

REP. BONDOC. Mr. Speaker, we move to suspend the session.

THE DEPUTY SPEAKER (Rep. Estrella). The session is suspended.

It was 7:40 p.m.

RESUMPTION OF SESSION

At 7:42 p.m., the session was resumed with Senior Deputy Majority Leader Jesus Crispin C. Remulla presiding.

THE PRESIDING OFFICER (Rep. Remulla). The session is resumed.

The Majority Leader is recognized.

SUSPENSION OF CONSIDERATION
OF H.B. NO. 4157

REP. BONDOC. Mr. Speaker, I move that we suspend the consideration of House Bill No. 4157, contained in Committee Report No. 2.

THE PRESIDING OFFICER (Rep. Remulla). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Majority Leader is recognized.

REP. BONDOC. Mr. Speaker, I move that we recognize our esteemed honorable Minority Leader, Rep. Bienvenido “Benny” M. Abante Jr.

THE PRESIDING OFFICER (Rep. Remulla). The Honorable Abante is recognized.

WITHDRAWAL OF MEMBERSHIP TO THE
COMMITTEE ON LEGISLATIVE FRANCHISES

REP. ABANTE. Mr. Speaker, last week, we elected additional members representing the Minority in the Committee on Legislative Franchises. However, upon perusal, the membership of the said Committee has already been filled up. In line with this, I respectfully move, on behalf of the Minority, to withdraw the membership of the following Members:

Rep. Sergio C. Dagooc, and
Rep. Godofredo N. Guya.

I so move, Mr. Speaker.

THE PRESIDING OFFICER (Rep. Remulla). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

CONSIDERATION OF H.B. NO. 4157
Continuation

PERIOD OF SPONSORSHIP AND DEBATE

REP. BONDOC. Mr. Speaker, I move that we resume the consideration of House Bill No. 4157 and that the Secretary General be directed to read only the title of the measure.

THE PRESIDING OFFICER (Rep. Remulla). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

The Secretary General is hereby directed to read only the title of the measure.

THE SECRETARY GENERAL. House Bill No. 4157, entitled: AN ACT AMENDING SECTIONS 4, 5, 20, 22, 27, 28, 34, 40, 50, 73, 112, 117, 204, 222, 237, 237-A, 255, 256, 257, 258, 261, 263, 264, 266, 275, 290, 291, 292 AND ADDING NEW SECTIONS 6-A, 282-A, 293, 294, 295, 296, 297, 298, 299, 300, 301, 302, 303, 304, 305, 306, 307, 308, 309, 310, 311, 312, 313, 314, 315 AND 316 ALL UNDER THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

THE PRESIDING OFFICER (Rep. Remulla). The Majority Leader is recognized.

REP. BOLILIA. Mr. Speaker, I move that we recognize the honorable Chairman of the Committee on Ways and Means, Hon. Joey Sarte Salceda.

THE PRESIDING OFFICER (Rep. Remulla). The Hon. Joey Sarte Salceda is recognized.

REP. SALCEDA. Thank you, Mr. Speaker.

REP. BOLILIA. For his interpellation, I move that we recognize honorable Representative from the Second District of Cagayan de Oro City, the Hon. Rufus B. Rodriguez.

At this juncture, Senior Deputy Majority Leader Remulla relinquished the Chair to Deputy Speaker Conrado M. Estrella III.

THE DEPUTY SPEAKER (Rep. Estrella). The Gentleman from Cagayan de Oro City is hereby recognized.

REP. RODRIGUEZ. Thank you, Mr. Speaker.

Would the distinguished Chair of the Ways and Means Committee, the Sponsor, the Honorable Salceda, yield to some interventions?

REP. SALCEDA. Willingly.

REP. RODRIGUEZ. Thank you, Mr. Speaker.

One of the agencies where there would be a regime of change as far as incentives is concerned is the Philippine Economic Zone Authority or PEZA. Is the Gentleman aware that the PEZA has 395 operating ecozones nationwide?

REP. SALCEDA. That is correct.

REP. RODRIGUEZ. Would the distinguished Sponsor, Mr. Speaker, agree that there are now 4,341 enterprises located in these economic zones nationwide?

REP. SALCEDA. That is correct.

REP. RODRIGUEZ. Would the distinguished author, Mr. Speaker, agree that the total cumulative investments of registered companies in PEZA has since the inception of the PEZA from 1995 up to 2018 amounted to US\$760.505 billion?

REP. SALCEDA. I would look for that, Mr. Speaker.

REP. RODRIGUEZ. And the ecozone exports, under the PEZA alone, constitute 65 percent of total Philippine commodity exports.

REP. SALCEDA. Yes, Mr. Speaker. In your net imports, Mr. Speaker, since there is an essential assembly operation, the net is only \$9.5 billion per year. Therefore, it is only tantamount to \$95 billion, Mr. Speaker.

REP. RODRIGUEZ. Thank you, Mr. Speaker, distinguished colleague.

The PEZA exports constitute 16.28 percent of gross domestic product for 2018.

REP. SALCEDA. That will be approximately—that will be correct, Mr. Speaker.

REP. RODRIGUEZ. Thank you, Mr. Speaker.

The PEZA, as of this time, employs directly 1,508,727 workers.

REP. SALCEDA. It is within the ballpark, Mr. Speaker.

REP. RODRIGUEZ. What is, therefore, the figure of the Finance Department?

REP. SALCEDA. The exact figure is 1-4-8-6, Mr. Speaker.

REP. RODRIGUEZ. Exactly one million ...

REP. SALCEDA. Four hundred eighty-six thousand.

REP. RODRIGUEZ. Four eighty-six thousand.

REP. SALCEDA. Yes, that is right.

REP. RODRIGUEZ. Okay. So, just a difference of about 20,000.

REP. SALCEDA. That is correct. As I have said, it is within the ballpark.

REP. RODRIGUEZ. It is really within the PEZA figures and that PEZA indirectly employs 7,543,635 workers.

REP. SALCEDA. That would mean, Mr. Speaker, about five times multiplier. That would be on the hindsight, Mr. Speaker.

REP. RODRIGUEZ. What would be the low side or the side of the Secretary of Finance?

REP. SALCEDA. Three times.

REP. RODRIGUEZ. How much?

REP. SALCEDA. Roughly about ...

REP. RODRIGUEZ. Indirect employment?

REP. SALCEDA. Four point five, Mr. Speaker.

REP. RODRIGUEZ. Four point?

REP. SALCEDA. Five.

REP. RODRIGUEZ. Four point five million. Yes, still by the millions.

REP. SALCEDA. That includes employees of the suppliers to the PEZA enterprises. That includes the sari-sari stores where they buy. That includes the restaurants where they eat. So, it is inclusive of everything, Mr. Speaker.

REP. RODRIGUEZ. Thank you, Mr. Speaker, distinguished Sponsor.

That from 2014 to 2018, the PEZA companies purchased a total of P1.345 trillion of equipment and raw materials from the domestic market.

REP. SALCEDA. So, Mr. Speaker, that would mean that is less than 10 percent of their total.

REP. RODRIGUEZ. May I beg your pardon?

REP. SALCEDA. That is less than 10 percent of their exports.

REP. RODRIGUEZ. My question really is...

REP. SALCEDA. That is correct, Your Honor.

REP. RODRIGUEZ. Yes, correct.

REP. SALCEDA. But that also means that they are buying...

REP. RODRIGUEZ. Yes—no, we have no question about—but here we are not talking here of imports. We are talking here of domestic market raw materials.

REP. SALCEDA. That is correct, Your Honor, because they are importing 80 percent, and therefore, at max. The figure you quoted is equal to about 10 percent of their total exports value.

REP. RODRIGUEZ. But the Gentleman will agree, the total purchase of equipment and raw materials from the domestic market is P1.3 trillion.

REP. SALCEDA. Correct, trillion.

REP. RODRIGUEZ. Thank you very much, Mr. Chairman, distinguished colleague. And that the PEZA since 1995 to 2018 had remitted to the national government P20.151 billion?

REP. SALCEDA. Well, Your Honor, just to put it—I would accept that figure, but it only means P1 billion per year and that also means, Your Honor, that P1 billion to the P303 million we give them in incentives every year.

REP. RODRIGUEZ. Yes. But the distinguished colleague agrees that in actual remittance to the national government from 1995 to 2018, ...

REP. SALCEDA. Yes. We will accept that, Your Honor.

REP. RODRIGUEZ. ...that was P20 billion.

REP. SALCEDA. Actually, I would expect something higher, Your Honor. I will check the figures. I think the figure will be higher than P20 billion or P1 billion per year, Your Honor. So, ...

REP. RODRIGUEZ. Thank you, distinguished colleague.

For 2018 alone, just last year, the PEZA remitted P1.141 billion to the coffers of the government. Is that correct, distinguished Sponsor?

REP. SALCEDA. The PEZA, it is a—in terms of dividends, yes.

REP. RODRIGUEZ. To the government.

REP. SALCEDA. Correct.

REP. RODRIGUEZ. Whether the dividends—yes.

REP. SALCEDA. Yes, because the other one, the other figure you quoted, the P20 billion refers, Your Honor, to the taxes paid by all the enterprises inside the zones.

REP. RODRIGUEZ. Thank you distinguished...

REP. SALCEDA. Yes, I will accept the data, Your Honor. It is a...

REP. RODRIGUEZ. And the taxes paid to the national government from 2007 to 2015 was P42 billion?

REP. SALCEDA. That would be closer, Your Honor. That is I will accept.

REP. RODRIGUEZ. What is the figure, therefore, of the Department of Finance for the total taxes paid to the national government?

REP. SALCEDA. That would be correct because in 2015, they paid P11 billion, Mr. Speaker. So, more or less, given the number of years you quoted, ...

REP. RODRIGUEZ. From year 2007 to 2015?

REP. SALCEDA. That is right, Your Honor.

REP. RODRIGUEZ. What is the figure of the Department of Finance?

REP. SALCEDA. In 2015, Your Honor, single year, the time we had the TIMTA, where we can directly calculate, it was P11.6 billion. Just for one year. So, the number you quoted, P43 billion, Your Honor, would be reasonable. So, in 2015, they paid P14.9 billion; in 2016, they paid P17.7 billion; and in 2017, they paid P22.2 billion.

REP. RODRIGUEZ. And the annual average, therefore, distinguished colleague, Mr. Speaker, ...

REP. SALCEDA. It was 15, Your Honor.

REP. RODRIGUEZ. The annual average would be P4.6 billion every year, paid to the national government.

REP. SALCEDA. If you say, Your Honor, that would be probably—because the total taxes paid, we have, based on their reports, was P14.9 in 2015. For three years, Your Honor, they probably paid P56 billion. So, divided by three, that would be P18 billion, Your Honor.

REP. RODRIGUEZ. Thank you. So, the annual average for this year is P18 billion?

REP. SALCEDA. Correct.

REP. RODRIGUEZ. Okay, P18 billion.

Now, the taxes are paid to the local government because from the 5 percent of gross income tax, the 3 percent goes to the national government and the 2 percent goes to the local governments. Would you agree that the taxes paid to the local governments from 2007 to 2015 amounted to P436,381,352,330? Would the Gentleman, the distinguished colleague, agree that to the local governments, where these 395 operating economic zones are located nationwide, P436 billion had been given?

REP. SALCEDA. That, I think, Mr. Speaker, that is a very high figure.

REP. RODRIGUEZ. What is the figure of the Department of Finance?

REP. SALCEDA. I would say you interchanged “B” for “M”.

REP. RODRIGUEZ. How much?

REP. SALCEDA. The taxes paid to the local governments—so, in 2015, it was P15 billion.

REP. RODRIGUEZ. P15 billion.

REP. SALCEDA. In 2016, it was P20 billion; in 2017, it is not close to the P465 billion, Your Honor.

REP. RODRIGUEZ. So, in other words, what you are quoting is from 2014 to 2015; but if you go to 2007, you can agree that the P436 billion was paid to the local governments?

REP. SALCEDA. Yes, but the average taxes paid to the local governments—P16 billion per year, so if you multiply it by 11, Your Honor, it will only come close to P185 billion.

REP. RODRIGUEZ. Yes, the annual average.

REP. SALCEDA. No, Sir. P185 billion—cumulative between 2007 and 2018.

REP. RODRIGUEZ. Your records with the PEZA would state that there was P436 billion paid to local governments and would you agree that the annual average paid to...

REP. SALCEDA. No, Your Honor.

REP. RODRIGUEZ. ... local governments will be P48.486 billion?

REP. SALCEDA. I think, Your Honor, I can provide, with exact numbers.

REP. RODRIGUEZ. Yes, so, what would be...

REP. SALCEDA. Plus, these are tax...

REP. RODRIGUEZ. ... what would be the annual average?

REP. SALCEDA. One hundred eighty-five, Your Honor, and the average would be P16 billion per year.

REP. RODRIGUEZ. Now, Mr. Speaker, distinguished colleague, it is admitted by the distinguished Sponsor that the ecozone exports totaled around P760 billion. It was also admitted by the distinguished colleague that the ecozone exports from the PEZA alone comprises 65 percent of the total commodity exports and the PEZA exports constitute 16.28 percent of GDP where we see now that our country has a GDP growth rate of less than 6 percent because for the first two quarters, we had 5.5 and 5.6, so less than 6 percent. But clearly, as admitted by the distinguished colleague, this comprises 16 percent. Would you all agree with that, distinguished colleague?

REP. SALCEDA. Your Honor, first on the exports, the average export is P31 billion, but the import is P23 billion. So, the net export of PEZA zones, the entire PEZA zone ecosystem, is only P8 billion per year.

REP. RODRIGUEZ. Well, we do not compare...

REP. SALCEDA. Then that, Your Honor, and it may, if you, for example, if you look at our GIR as cover for imports, the bulk of the cover has—we are spending a lot of money on the GIR, Your Honor, in keeping dollars because the imports-to-export ratio of PEZA is at 69 percent in a peak of 93 percent in 2010. So, it is not exactly free. We spent a lot of money for these exports. The total incentives in 2015 to generate that exports of P43 billion is P235 billion in incentives. In 2016, to generate P47 billion, we spent P298.2 billion. In 2017, for the export of P51 billion, the government's foregone revenue is P346 billion. So, in short, Mr. Speaker, we should put it into perspective.

REP. RODRIGUEZ. Thank you, distinguished colleague and Mr. Speaker. But, certainly, as figures would show, we have exports totaling 16 percent of GDP. Of course, imports are being used to be able to produce and to be able to send these exports abroad, where there will be income from exports that were delivered abroad; but you also agree, because you have

stated that PEZA directly employs 1,000,486 persons. Do you confirm that, distinguished colleague?

REP. SALCEDA. Yes.

REP. RODRIGUEZ. One million four eighty-six—and the total indirect employment, you have admitted, to be four million ...

REP. SALCEDA. Correct.

REP. RODRIGUEZ. ... 500,000 persons were employed.

REP. SALCEDA. When I say indirectly benefitting, Your Honor, ...

REP. RODRIGUEZ. Yes.

REP. SALCEDA. ... not indirectly employed.

REP. RODRIGUEZ. Yes, whether direct or indirect, it benefits. In other words, it may be indirect but it benefits four thousand—500,000 Filipinos. Is that correct, distinguished colleague?

REP. SALCEDA. Yes, that is correct.

REP. RODRIGUEZ. The remittance of the national government were: for 1995 to 2018, it was P20 billion; the remittance on the taxes paid, P42 billion; and, the expenses of the taxes paid to the local government, P436 billion. Is that correct?

REP. SALCEDA. Your Honor, the total taxes paid by firms inside PEZA were: in 2015, it was P14.9 billion; in 2016, it was P17.7 billion; in 2017, it was P22 billion. It may be that we included the taxes being paid by employees inside the zone which was P12.5 billion; and, in 2016, P15.7 billion; and, 2017, P11.2 billion, showing really a slowdown.

So, Your Honor, I think, from some total point of view, Your Honor, the P45 billion is a feasible number if we include taxes paid by employees inside the zone, assuming they do not have any other job.

REP. RODRIGUEZ. So, you have stated that the average payment per year of taxes by the government is P18 billion. Is that correct?

REP. SALCEDA. National government, yes, but, Your Honor, in 2015, the actual was, as you said, P42.2 billion.

REP. RODRIGUEZ. So, Mr. Speaker, distinguished colleague, with all of these taxes paid to the government,

both national and local, with all the percentage of exports of our GDP, and also very importantly the direct and indirect employment which total 6.1 million Filipinos, the question, Mr. Speaker and distinguished colleague, is why would you want to change the regime of PEZA when it is working for our country, it is employing 6 million people and has a regime change on incentives? In other words, Mr. Speaker, if it is not broken, why fix it? That is the question.

REP. SALCEDA. Because we are spending more than what we get. The cost of keeping the PEZA is P125 billion in 2015. The benefit, in terms of the taxes you mentioned is only P103 billion. So, we are actually losing P22 billion. There are other things, Your Honor—there are actually four net optics that are being used. If you use, for example, some of these are unnecessary incentives, you will see that the actual losses to the national government are actually so much higher than P90 billion per year, Your Honor, because out of the total you mentioned, these companies would have been here but they sited in PEZA.

So, Your Honor, this author believes that the PEZA will remain, it is still recognized as an investment promotion agency. Its role in nation-building will remain. It is only that we need to do certain reforms to ensure:

1. That the revenues or the benefits to the general economy are higher than the cost we pay for them; and
2. That we optimize the performance from these PEZA locators because right now, even if they produce some jobs, or some other benefits, their incentives have no linkage.

In this Bill, Your Honor, if you want to get incentives, even inside the PEZA, first, if you employ more labor, you get additional 50 percent deduction. If you put in R & D, you have double deduction. If you put in infrastructure leading to your factory, that will be double deduction. In fact, Your Honor, the incentives being provided by CITIRA is actually the most progressive in the entire region. Except that, Your Honor, what are the two things we are removing? Number one, we are removing forever, because in the law we passed in 1995, after the four-year ITH, Your Honor, all PEZA firms forever will only pay 5 percent on gross income tax.

The second regime change, Your Honor, is that the GIE, when you put GIE and CIT side by side, there is incentive that those expenses that cannot be charged under the GIE will naturally migrate to the CIT to their friends that are inside or outside the zone.

Your Honor, we have counted, established statistically that there are at least P64 billion in terms of transfer pricing anomalies because of the co-existence of the CIT and the GIE. In short, Your Honor, we are not removing PEZA; we recognize PEZA as an investment

promotion agency except that the incentives will need to be reformed. We must link them to performance like labor, R & D, training and infrastructure, and number two, that there will be no more forever. If you will read, for example, Your Honor, with the substitute Bill that is in front of everyone, they can actually reapply immediately after the expiration of their new incentives.

Your Honor, we also have it that the SIPP that has been proposed by the Department of Trade and Industry covers almost 64 percent of all gross value-added and, therefore, most of the economic activities in this country will be covered. What changed, Your Honor, is that instead of forever, now you have to come back to government after 10 years if your company is outside the zone, outside Metro Manila.

Actually, Your Honor, if you look at it, there is a single-minded bias for countryside enterprises. If you invest in Metro Manila, you only get five years. If you invest in adjacent areas like Rizal, you get seven years. But if you invest, let us say, in Quezon, you will get 10 years, Your Honor. So, these are the kinds of reform, Your Honor. After the expiry of your incentives, Your Honor, you can come back and come back to PEZA, and ask for a new set of incentives.

I have it on record, Your Honor, from the DTI or from the authorities that they will be generous in the approvals in the first three years, and number two, they can keep coming back. What cannot possibly go on forever, Your Honor, is that we are the only country in the world offering forever—5 percent GIE, tax on gross income earned.

Number two, it is really that the co-existence of GIE and the CIT has to go due to the transfer price anomaly that is costing the government P65 billion.

Number three, all incentives should be linked to performance in order for us to optimize. Right now, Your Honor, those two, three key aspects of this reform, including the bias for countryside, as I have said, invest in NCR, you will get five; invest in adjacent, you get seven; invest in Cagayan de Oro, you get 10. So, in other words, Your Honor, this will probably be the single biggest push for our countryside private investments, because I guess, Your Honor, we have—actually this government has done more by way of public infrastructure pending outside of Metro Manila.

So, I have no debate, Your Honor, with respect to contribution. What we only need to do is to tweak the incentives system so that there is no forever, that there is no coexistence of CIE, GIE and CIT; and three, that they should be linked to performance; and number four, that there should be bias for the countryside.

REP. RODRIGUEZ. Thank you, Mr. Speaker, distinguished colleague.

You said that the PEZA will still be around and that it will not be abolished and it continues, but do

you not agree that with these amendments, these will have a chilling effect for those companies already in PEZA that wish to increase their capitalization and their expansion, and discourage future businesses to get into the country, thereby losing the opportunity for our country to have more investments, more employment, more taxes paid to the national government and the local governments?

REP. SALCEDA. I see, Your Honor. The real concern of business investors—I presented this to 3,000 investors in the stock exchange, I presented this to the Joint Foreign Chambers, I presented this to SEIPI, and I presented this to IBPAP, and I can tell, Your Honor, that they are fine already with this.

Perhaps, it is the loss of the regulatory—supreme regulatory authority of PEZA, but I guess, Your Honor, the single—iyong concern po talaga is that, the legislation is getting protracted and if I am an investor, I would like to know what I am getting into. So, the faster we approve this, which has already been approved in the Seventeenth Congress, Your Honor, it would ease the investors.

As I have said, I spent a long Saturday with the Joint Foreign Chambers—the Japanese, the Europeans, the Australians, the Americans, and I can tell you, Your Honor, they are fine with the tenure; they are fine with the regime. I told them that we are not demonizing them and that we are not going after them. What we are going after really is that we cannot allow forever.

Number two, I keep repeating myself, Your Honor, so in short, I am not saying that the suspension or the withdrawal or any point of withdrawal is hypothetical. But at this point, Your Honor, there has been no recorded application that has been approved, that has been withdrawn by any investor. Based on all the—what we have said was—if you look at the news flow, Your Honor, surrounding this bend, what we only have is that we would have invested, but something like that.

So, in terms of actual withdrawals of approvals, there is zero, Your Honor.

REP. RODRIGUEZ. Thank you, distinguished colleague.

Is it not that in Cebu, a Japanese company, instead of being able to expand already, it is going to transfer operations to another country?

REP. SALCEDA. We have talked to them. They are more concerned about the long delay. They would like the final shape of CITIRA, Your Honor. They would like to see the final shape of CITIRA.

REP. RODRIGUEZ. Mr. Speaker, distinguished Sponsor, the PEZA incentives like the tax holiday are not given forever. There is always this mention

about “tax incentives forever,” but is it not a fact that the income tax holiday for PEZA enterprises are time bound? For pioneer projects, it is 6.8 years—six to eight years; for non-pioneer projects, it is four to six years.

REP. SALCEDA. Correct, Your Honor, but nowhere in the whole world do we have GIE forever. Three million in other enterprises pay 30 percent, especially the small corporations in the Philippines, they are paying 30, whereas in PEZA, you only pay five, but in terms of the employment generated, in terms of the export, Your Honor, I could share with you a lot of these empirical data because we have employed the world’s six best data scientists, and I can tell you and assure you, Your Honor, that if you look at, for example, the comparison between companies with incentives versus companies without incentives, in all the indicators of performance, there is only one where the PEZA is better than those without incentive. It is in the amount of wages. But if you look at their dividends, compared to their incentives, incentives are 132 percent of dividends. In short, Your Honor, the higher labor wages they are able to afford, it is because of the incentives we give them.

There is a body of analytics, Your Honor, surrounding this Bill and I assure you that the administration still looks to investors as a partner, and then we will provide them as far as possible something that is more consistent, in other words, across all industries, across all nationalities, whether Filipino or foreign, and number two, that there is performance link; and number three, that there is less leakage in transfer pricing.

So, Your Honor, I would like to assure you that at the appropriate time, if you wish to further improve the Bill that is in front of all of us, this Chairman, this Committee will willingly accept.

REP. RODRIGUEZ. Thank you, distinguished Sponsor, Mr. Chairman.

Is it not that the PEZA’s incentives are already tried and tested and if it has been proven to be competitive and attractive of investors, then why are we changing the rules in midstream? Why do we do that ...

REP. SALCEDA. On the contrary, ...

REP. RODRIGUEZ. ... when we have these kinds of exports and especially employment? As President Duterte has said in the SONA, our duty as public officials is to give a comfortable life to all Filipinos and what will happen if these millions of workers may not be able to work because there will be a transfer of headquarters and companies from the PEZA zones to different countries competing with us.

REP. SALCEDA. Your Honor, if you read this Bill, we are offering the best but no forever. We are offering the best.

REP. RODRIGUEZ. That is ...

REP. SALCEDA. Vietnam only offers two plus two. We are offering 10, six plus four. And in terms of the other incentives, like NOLCO for five years after the cumulative three years of losses, in terms of the 100-percent additional deduction for infrastructure, 100 percent at no time in our history ever given incentive to infrastructure by private companies—now we are.

In terms of the labor, if they buy more domestically, we will provide them additional incentive. Those incentives right now are not linked by any causal legislation where we can say, kasi kapag kumuha ka lang ng 15 workers, then we will give you only 50 percent additional deduction for 15 workers. But if you pay them more, then there is incentive because we will give you 50 percent more. In short, Your Honor, that type of incentive regime does not exist.

We are not here to scare away investors. We are actually here to attract them. It is really the protracted nature of our democratic legislation that seems to, of course, it is, that is why we need to go and really scrutinize. But we have Rule 48 that essentially says, things that were approved before, we should benefit from their collective wisdom. And number three, Your Honor, this Committee improved, almost double, what the DOF was willing to give. We were, as before, they were only offering three, two, two, now they are offering 10. They were offering three, two in Metro Manila, they were—so. In short, right before us, Your Honor, is probably one of the best offers in the world.

So, it is for PEZA to implement the new investment incentive regime. We will not take it away from them. In fact, they will have head start advantage in promoting this incentive. I look forward, Your Honor, to the constructive role of PEZA as a promotion agency.

REP. RODRIGUEZ. Thank you, distinguished colleague. Is it not that, precisely, these incentives are the first attraction for investors because we lack, for example, the infrastructure needed to support investors coming in and also transportation facilities and that is precisely—if we had a change of regime then we, therefore, could give a message to investors both present in our country and to incoming investors that there is now change? What has been given before has been withdrawn?

REP. SALCEDA. No.

REP. RODRIGUEZ. Everything will also be unstable precisely because of government changes and what has been given to them and therefore, it creates this view of instability. They might as well go to other countries where they are assured.

REP. SALCEDA. My God, Your Honor, you can compare these incentives regime to that of Vietnam in terms of pesos and I can tell you, we are possibly offering the best we have made in our entire history.

Your Honor, what are our investors looking for? They are looking for regulatory predictability, and, therefore, precisely, for as long as this is left hanging, Your Honor, then I guess, you would always have that sense of uncertainty.

We have, the number two is inefficient government bureaucracy. We hope that the ODB, the 3, 7, 20, 45-Rule will take effect in our local government units.

Number three, Your Honor, is inadequate infrastructure. You cannot use incentives, Your Honor, to pay for what we call the satisfier variables. There is a basic minimum that you have to meet the investors expectations. Incentive, sad to say, I may have to use this adjective, is a band-aid solution to the lack of infrastructure. You just have to do it.

Right now, Your Honor, for the past many decades, this country invested only 1.4 percent of GDP in infrastructure. For the past three years, Your Honor, we have invested triple-dot for this year's budget. We are investing P4.6 billion, 4.6 percent of GDP in infrastructure, excluding Capital Outlay, your Honor.

In short, what I am saying, Your Honor, is that there is such a thing in the stock market. There is no good price for a bad company. There are no good incentives where infrastructure is inefficient, where regulation is unpredictable, and where government bureaucracy is inefficient. In short, Your Honor, we will have to deal with each factor simultaneously, but we must give it our best shot.

Your Honor, I guess, I still have to admit that you can give the best incentives for investing in Marawi, and we have announced that, but has anyone invested? Because incentives provided to those going to Marawi will see that the other sources of profitability are not there and there is a premium that you have to pay for these incentives, much higher than the incentives themselves.

I would rather engage, Your Honor, in terms of the constructive suggestion that you might have. This Bill has been the work of three former Chairmen of the Committee on Ways and Means. It has been approved way back in January 8, 2018 by the Cabinet. It was recently approved in two LEDACs, one in August, and one in July; and one in August, and recently in September.

In short, Your Honor, we wish to rather engage your knowledge, your collective wisdom in sharpening and in enhancing this Bill so that we could optimize the contribution of the PEZA to nation-building.

REP. RODRIGUEZ. Thank you, Mr. Chairman,

distinguished Sponsor. Precisely, this interpellation is really meant to improve this Bill, and that is why we have a plenary hearing on this and the only purpose of this Representation is to show what may be the negative effects.

We say that this new Bill will invite investors, but the message itself of this Bill which changes the regime of incentives provided by the different IPAs including the PEZA would certainly immediately negate the promises of this Bill, because this system that we had with the Board of Investments, with the PEZA, and with the other IPAs, and then we came up with a big regime change and precisely, this will have an effect on those investors by saying, the country—our country has not been able to really protect what has been given to the previous investors. Is that correct, Mr. Chairman—Mr. Speaker, distinguished colleague?

REP. SALCEDA. Yes, but the current regime is not perfect. What this Bill essentially tries to do is to correct and to make structural changes. It has changed for good. Some people may be afraid of change. I have talked to the JFC, and they are fine now. I have talked to the IT-BPAP, they are fine now. I have talked to SEIPI, and they are fine now.

Perhaps, Your Honor, PEZA must be seeing something else and I would like to constructively engage them in essentially what it is, because the investors themselves do not fear it now. Because, as I have said I have talked to the Joint Foreign Chambers in a long day, Your Honor, and explained exactly what it is and why it is beneficial to them and how we can optimize their contribution to the country. So, I guess, Your Honor, there is nothing to fear from this.

REP. RODRIGUEZ. But it is not that, in fact, the different Foreign Chambers of Commerce are very much worried that this particular Bill, if approved, precisely takes out the present incentives and imposes new ones, which will change the ball game.

REP. SALCEDA. Yes, your Honor, but I have talked to them personally. I have talked to their President, I have talked to the Japanese, I have talked to the South Korean Foreign Chamber, I have talked to the Australians, the New Zealanders, I have talked to—and I tell you, Your Honor, I have explained the whole scheme and they say that it is much better, but of course, they would like forever. They like the GIE because they are afraid of the LGUs.

In fact, Your Honor, when we ended up at lunch, their remaining message was, “natatakot po kami sa LGU,” in English po. Iyon lang po talaga ang sinabi nila sa akin. That this Bill will open them up to some form of abuses at the local environment, Your Honor. But with respect to the tax regime, they are fine with

the 10 years; they are fine, of course, they are excited about the new incentives we are proposing. Ang sabi ko, kung wala lang ho talagang transfer pricing, we can retain the GIE. But, Your Honor, we cannot close the gap if we have two parallel regimes, one for GIE and one for CIT, because there will always be a motive to shift expenses where there is a tax shield, and therefore, that tax shield is in the CIT.

So kahit po lunch siguro, representation na wala namang ma-minus-an, sa GIE, ililipat po nila sa CIT, and I have seen, Your Honor, I have worked with a lot of them, and I tell you that transfer pricing is rampant, Your Honor, inside the zones.

REP. RODRIGUEZ. Thank you, distinguished Sponsor, Mr. Speaker, but you always harp on forever, for example the PEZA scheme of taxation. It is 5 percent of gross. Would you agree that we have proposed in this Bill to lower from 30 percent to 20 percent of the income of corporations, Sir?

REP. SALCEDA. Yes, Your Honor.

REP. RODRIGUEZ. Would you not believe that 5 percent may be a good figure in terms of having gross but not on the net income of corporations? As you very well know, corporations may be putting in a lot of expenses such that the bottom line will be smaller than gross income taxation.

REP. SALCEDA. If you are under simulations, Your Honor.

I have talked to tax experts, Your Honor, the GIE regime is inferior to the CIT because, Your Honor, like Jollibee, it will be penalized—Jollibee, 14 percent of their total revenues is actually in advertising, so that will not be counted under our GIE, Your Honor.

It is akin to our gross income taxation system, Your Honor, and I guess, you, being a tax law expert yourself, would agree that although that simplicity is tempting, but I guess, Your Honor, it creates inordinate disproportional impact between big and small. Those companies with high gross margins will benefit, and those with low gross margins will be at a loss.

Your Honor, iyong GIE po, by the time, let us say, Metro Manila or let us go to Cagayan de Oro with six years and four years, by the time they will be subject to CIT, iyong kanila pong CIT, which is RCIT, reduced corporate income tax, from 18 would have fallen to 13, of which, 3 percent will be given to Cagayan de Oro. In short, Your Honor, we now have a direct way of compensating the host LGUs. Kapag binilang ninyo po, in fact, iyong lahat ng bilang ng RCIT, ngayon po naka-set siya sa 18, so by the time some of these companies switch from ITH back—I think the latest would be 2021, 2022, and therefore, 2023—so by 2023,

the RCIT would have been 16. And by the time we are into, if you have a five-year transition period, 2021, 2022, 2023, 2024, 2025, you would be paying 13-percent RCIT. We have done simulations, Your Honor, between RCIT and GIE. An RCIT of 5—a GIE of 5 percent—is almost equal, *ceteris paribus*, to a 13-percent CIT, Your Honor. It is just that we want all costs to be accounted for.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleague, would you agree that taxation measures have to be prospective?

REP. SALCEDA. Correct.

REP. RODRIGUEZ. In this particular case, this will be effective already as far as the PEZA is concerned. Once approved, we will have—therefore, those new companies were promised to have the income tax holiday of six to eight and four to six.

REP. SALCEDA. I yield, Your Honor, to your wisdom in terms of the legalities of it, but from the economic perspective, Your Honor, we are providing them a five-year sunset provision for switching into the new regime.

There are two things: one, in fact, there is incentive for them to switch to the new regime immediately; and, number two, after their incentives lapsed, they can reapply. They just have to justify. We just want that these incentives be linked to employment, linked to R & D, linked to training, linked to infrastructure, and linked to purchases of domestic inputs. Right now, Your Honor, it is an afterthought. That merely happens because of their own operations, as a consequence of their operations.

There is nothing to fear with this Bill, Your Honor. Actually, if you count it, we will actually run it under our huge database, almost 6 percent of the entire gross value added will fall, will actually be eligible for the incentive under the Strategic Investment Priority Plan, so there is nothing to fear. We have it from the DTI, the BOI and all the other IPAs, that they will be very generous in the first three years especially if they relocate to Cagayan de Oro.

REP. RODRIGUEZ. Thank you, Mr. Speaker, distinguished colleague.

The point really is that, these locators, therefore, when they were given their Certificate of Registration, were given this income tax holiday, for example, of six to eight years or four to six years, it is not a matter of sunset provision. It is either you apply it retroactively or prospectively. And the rule of taxation is prospective. You cannot anymore change the regime of six to eight years or four to six years for a non-pioneer into a

different regime with a promise of a sunset provision because taxation, taxes are prospective.

REP. SALCEDA. Yes, Your Honor.

REP. RODRIGUEZ. And then also, those given already the 5 percent gross income taxation are already enjoying that and it was already the commitment of the government that they will have that. In other words, if you plan to put up an incentive scheme, it should be prospective.

REP. SALCEDA. Yes, Your Honor.

REP. RODRIGUEZ. Those already in our export zone, they deserve also under the impairment of contract clause of the Constitution that they will be respected and that there can be no change in the middle of what has been given. In other words, prospectivity would not allow us in this Congress to make it retroactive to affect the locators right now in our ecozones because that will be in violation of the prospectivity laws on taxation.

We are now changing it against the very nature of taxes to be prospective. When our investors came here, they were given six to eight years, they were given four to six years for non-pioneer; they were given 5 percent for gross. That is why they came over and now we are going to say, no more gross taxation, we will go to income tax taxation, and we changed what has been granted to you. Is it not a retroactive implementation which is against the basic rule on taxation of being prospective?

REP. SALCEDA. Your Honor, this Bill essentially flows from the sovereign power of Congress to set tax policy. It is the inherent power of the State to tax or to forego taxes. It is the responsibility of all taxpayers to contribute to nation-building by paying taxes. Incentives are not entitlements, but privileges that must be earned. When firms apply for incentives, they do so under the prevailing incentive structure, which can be changed by Congress.

If tax incentives cannot be changed or, in this case, improved, then it is telling Congress that it has no power to change tax policy. We are providing a sunset clause to the incentive, which does not violate the non-impairment clause under the 1987 Constitution. The non-impairment clause under the Constitution cannot be invoked in the case of a revocation of the tax incentive as non-impairment yields to the government's higher power, police power, and the power to tax.

The government is bodily exercising a regulatory and governmental function pursuant to its police power and power of taxation in granting incentives. The government is not acting in its private capacity so as to make such incentives and inducement of valid and

substantial consideration for entities to register. Lastly, the incentives also emanate from regulatory law and not from an executive fiat alone.

I do not wish to cite because you are better than me in terms of the SCRA's on this, but I guess, Your Honor, that it will minimize the adjustment concerns of these investors. In the perspective of Congress, however, it is what is good for the country and it is the right thing to do.

REP. RODRIGUEZ. Mr. Speaker, the distinguished colleague has not really been able to address the first issue that I would like to deal with in terms of the legal structure of taxes, and that is it is prospective. No amount of sunset provision can take away what has been given to locators here. And, that is why if there is therefore a new law, it will have to apply to the succeeding locators. But we can neither get the 5 percent already granted to them nor the six to eight years that we have because that will certainly be a retroactive application.

The United States New York State Bar Association has clearly stated that the retroactivity of taxation laws is abhorred by all jurisdictions, precisely because, it changes the regime. When they came in to be able to invest, we told them that this is the income tax holiday for so many years, and this is the taxation for you. We invited them to come, they are our investors, we want them to come and employ our people, and then we now say there is a sunset provision. We are going to take away what we have given. That is precisely the first issue on the matter of the legality of this particular Bill, and I have other issues concerning the constitutionality of this Bill.

Back to retroactive, you are really having a retroactive implementation. The sunset provision already affects the very nature of the incentives already given, and those that are located here in good faith had received the government insurance, promise and commitment that when they come here, they will get those income tax holidays and 5 percent on gross. So what is the answer on the matter of the prospectivity of taxation laws?

REP. SALCEDA. The power to give is also the power to take. Mr. Speaker. Why are we taking away what you once called, essentially, you described it as a vested right, as if Congress has surrendered its sovereign will on what is right and good for our country. But, Mr. Speaker, why are we taking it away? Because this incentive system, they may produce headline-positive things, but on a net basis, Mr. Speaker, one, they encourage a transfer pricing anomaly, P64 billion; two, it results in almost P1.4 trillion in economic losses because we give them more than what they contribute to this economy, Mr. Speaker.

We can give for as long as there is a return, and in this case, Mr. Speaker, there is a return. In this case, Mr. Speaker, there is empirical basis, there is statistical basis to remove these incentives and provide what we might call a “smooth transition” into the new incentive regime. The prospectivity, Mr. Speaker, suggests that Congress has yielded, has surrendered its sovereign will on the national welfare.

REP. RODRIGUEZ. On the contrary, Mr. Speaker, we have the rule of law and we are governed by the due process provision of the Constitution. We are governed by the impairment of contract clause, and therefore our Supreme Court and the Supreme Court of the United States has already ruled that taxes are prospective. You cannot change, especially when foreign investors are coming in lured by all of these incentives, then you are going to say later on we have changed our mind, and they will no longer be entitled to the 5 percent.

REP. SALCEDA. Incentives are not entitlements. Incentives are not rights too. They are privileges given by the State.

REP. RODRIGUEZ. But unfortunately, if there arises a contract, because these locators came here with a contract as though they have been protected by the Constitution, where no person shall be deprived of life, liberty or property without due process of law. We cannot just pass a Bill that will now erase what has been given, Mr. Speaker.

REP. SALCEDA. So, in short, Mr. Speaker, ...

REP. RODRIGUEZ. Let me finish. In other words, Mr. Speaker, distinguished colleague, this is an example of what the Supreme Court of the Philippines has already stated a long time ago, that taxation laws will always be prospective. How can you change what has been granted, which has ripened into a contract and a franchise? How can you do that in a Bill like this? What should be done is that, for those that are coming in, the new ones, we can say, “O, hindi ka na 5 percent, you will go under the corporate income taxation.” That is what we really have.

The first real constitutional test, Mr. Speaker, is the fact that it retroactively applies to what has been agreed upon by the government and the locators, by changing the regime of taxation, by changing it without due process of law in violation of the impairment of contract clause of the Constitution.

REP. SALCEDA. This Bill is a valid act of the sovereign will of Congress. These foreign investors were not elected, so therefore, Mr. Speaker, that the taxes that we imposed prior to 1995 cannot be changed?

REP. RODRIGUEZ. That is why this taxation of 5 percent started in 1995. It was not imposed. This was, by the law, given ...

REP. SALCEDA. By Congress.

REP. RODRIGUEZ. ... and those who entered are now protected.

REP. SALCEDA. By Congress, Mr. Speaker.

REP. RODRIGUEZ. Correct, by Congress, so they are protected. Those who are under the regime ...

REP. SALCEDA. Therefore, the sovereign will

REP. RODRIGUEZ. ... of this law.

REP. SALCEDA. ... of the people, as manifested by the election of 304 Congressmen, should take precedence, Mr. Speaker.

REP. RODRIGUEZ. But it will not defeat any rule of law, and it will not defeat decisions of the Supreme Court and pronouncements that laws will always be prospective. We apply this to the next locators coming in. We tell them, “Hey, this is now the new law. If you come in, it is now the new law.” But for the existing locators, how can you tell them we are now going to erase the 5 percent? We are now going to shorten the 6 to 8 percent for pioneer industries. How can we do that, Mr. Speaker? That is my question that should really be answered.

REP. SALCEDA. It is a reasonable use of the powers of Congress. The withdrawal of taxes is not a tax and, therefore, prospectivity does not apply.

REP. RODRIGUEZ. Mr. Speaker, again, that could be subject to interpretation when one of the agencies will go to the Supreme Court, and as I have stated, uniformly, the Supreme Court is always against the retroactive application of our taxation laws.

I will go to the next point, Mr. Speaker. Distinguished colleague, will you indulge this Representation for the next point?

REP. SALCEDA. Yes. That is the third.

REP. RODRIGUEZ. Thank you, distinguished colleague.

Article VI, Section 26 (1) of the Constitution states: “Every bill passed by the Congress shall embrace only one subject which shall be expressed in the title thereof.” Do you not agree with this provision, distinguished colleague, Mr. Speaker?

REP. SALCEDA. Yes.

REP. RODRIGUEZ. And you agree that this provision is mandatory ...

REP. SALCEDA. Yes.

REP. RODRIGUEZ. ... and that a bill enacted that has many matters included in it is unconstitutional? Would you agree?

REP. SALCEDA. It is up to the Supreme Court, Mr. Speaker. But I guess in the best judgment of the Committee as well as the Seventeenth Congress, these all pertain to the amendment of the National Internal Revenue Code; therefore, it is one subject.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleague, do you agree that this constitutional provision contains dual limitations on legislation?

REP. SALCEDA. Yes, that is why it is only with one subject.

REP. RODRIGUEZ. That is why the legislature is to refrain from conglomeration, and this Bill conglomerates many laws: the PEZA Law, the IPH Law, even Presidential Decree No. 776, the FIRB. It is not correct. This is only about the National Internal Revenue Code. This affects many laws as enumerated also in this Bill. So, would you agree that this is a conglomeration and should be struck down by the Supreme Court, because under one statute, we cannot have heterogeneous subjects. Would you agree with that, distinguished colleague?

REP. SALCEDA. I think, Mr. Speaker, it is easy to establish the closeness or the proximity of all the other subjects, of all the other matters you mentioned, into one single subject which is the amendment of the NIRC. To adduce to the FIRB, certainly the NIRC must be subject to oversight and, therefore, Mr. Speaker, we are merely providing the structure to ensure that the incentives are uniformly, consistently, efficiently and effectively enforced or processed.

REP. RODRIGUEZ. In fact, Mr. Speaker, distinguished colleague, the principal purpose of having this constitutional requirement is to apprise legislators of the object, nature and scope of the provisions of the Bill, and to prevent the enactment into law of matters which have not received the notice, action and study of the legislators. Is that correct, Mr. Speaker, distinguished colleague?

REP. SALCEDA. Notice to?

REP. RODRIGUEZ. This one title embraced in one subject matter in a Bill is precisely to apprise the legislators like you and me and all of us present. Unfortunately, the others are not present now. But you have to know the object, the nature and scope and the provisions to the Bill. Why? To prevent the enactment into law of a matter which has not received the notice, action and study of legislators.

REP. SALCEDA. Mr. Speaker, Section 26 (1) of Article VI of the 1987 Constitution is sufficiently complied with if the title is comprehensive enough to embrace the general objective of the law which it seeks to achieve and if all the parts of the statute are related and germane to the subject matter embodied in the title or so long as the same are not inconsistent with the general title, Mr. Speaker, they are valid.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleague, this Bill expands the power of the FIRB, and the FIRB is governed in its creation under PD No. 776 and it is not even stated in the title. If you want to expand PD No. 776 and you do not put that in the title, and you just add chapters to the NIRC, that is a gross violation of the one subject matter, one title rule.

REP. SALCEDA. No, Mr. Speaker. I think I can cite so many laws where even the Gentleman is an author, wherein on the repealing provisions, Mr. Speaker, certain other laws which are impacted by the new direction or the new substance of the general subject matter will be impacted, Mr. Speaker. Then in direct repeal, therefore, the citation of these laws that will be repealed by action of the affirmative provisions of this proposed law is certainly within the purview of its constitutionality.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleague, the Fiscal Incentives Review Board was created by another law, PD No. 776. It is now being amended by expanding its functions, but it is not found in the title of the Bill. The reason it is not here is that it will become a violation if you put PD No. 776.

At the same time, you cannot include in this Bill a law which covers the FIRB. Now, the FIRB will be all supreme. They will be the one that will be giving incentives, they will be the one evaluating, and so therefore, this is a clear, if there is an intention to abide by the law, there should be a different bill to take care of incentives and review by the FIRB. But you cannot tuck them in the National Internal Revenue Code. Certainly not, Mr. Speaker.

REP. SALCEDA. Section 299, Mr. Speaker, is

properly adduced to in the title, and you are referring to the new FIRB.

REP. RODRIGUEZ. What does it provide, for the enlightenment of those who are present here?

REP. SALCEDA. It is an act amending Section 299.

REP. RODRIGUEZ. Yes. How about that? Does it deal with the FIRB as in Presidential Decree No. 776? Of course not, definitely not, Mr. Speaker. It is a different subject matter. That is why even the title of the Bill, the short title pronounced to the world, “CITIRA” or Comprehensive Income Tax and Incentive Rationalization. The problem with this is that there are many IPAs with different laws and decrees. Also, the FIRB is expanded thru the NIRC without going to the Bill itself, the Bill of PD No. 776, how can that be? So that is my question. That is the second issue that may be brought to the Supreme Court, because certainly the title cannot have more than one coverage, except amendments to the NIRC.

REP. SALCEDA. Thank you very much for your suggestion. We will accept that as an amendment at the appropriate time, but it does not substantially...

REP. RODRIGUEZ. Mr. Speaker, my point is...

REP. SALCEDA. We will accept that amendment for the repeal provision that should apply to Presidential Decree No. 776.

REP. RODRIGUEZ. Yes, because Chapter III, Section 298 of this Bill clearly has a subtitle and the subtitle, Mr. Speaker, states “expanded functions of the Fiscal Incentives Review Board.” Clearly, this is a matter that really affects PD No. 776. To just include this expansion in the NIRC to be able to have one bill, violates the provision that the one title should contain one subject matter, and that subject matter will only be amendments to the NIRC. But when you expand a law, how can that be; how can that be a part of that one title of the bill?

You cannot also put another title on the bill because if you do that, it will violate Article VI, Section 26, paragraph (1) of the Constitution that says, “only one subject which shall be expressed in the title thereof.” So, everything else will be declared unconstitutional because it is extraneous to the title of the Bill. In this case, there are amendments to the National Internal Revenue Code. That is quite clearly illegal.

REP. SALCEDA. The relationship, Mr. Speaker, between the FIRB and this proposed Bill is just as near as this building to its gate. It is germane because this Bill pertains to incentives. Therefore, it must be oversights. There is Section 299, it may be that we

will include this in the repeal provisions, the repeal of PD No. 776, Mr. Speaker.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleague, at the proper time, I will move to delete all proposals pertaining to the FIRB, and have a separate legislation to deal exclusively with the amendments to the NIRC which is this Bill. Of course, if you want to expand the FIRB, it should be contained in another Bill, in another law, because these are separate subject matters; the expansion of the power of the FIRB is different from taxation itself. This is a mechanism of review. This is an administrative mechanism with a different decree. Therefore, we should be able to make sure that our Bill, Mr. Speaker, will be constitutional. That means, one title, one subject matter. Because if we would be able to have this, we include in one lump sum a conglomeration of bills to be amended, then, these matters will not be germane to the Bill that we are trying to approve.

Would the Gentleman agree that at the proper time, he will allow me to move to delete all proposals pertaining to the FIRB and go to another bill that can be filed, and there, he could have a bill that he may want to change the complexion, the powers, the authority of the FIRB.

May we know from the distinguished colleague, Mr. Speaker?

REP. SALCEDA. My stand, Mr. Speaker, I will not accept it.

REP. RODRIGUEZ. Anyway, that will still come in the period of amendments. But what I am saying is precisely we want to help, in this particular case, to make our Bill constitutional, because we believe we could not do that in this particular case. Incentives, okay, but it is a matter about taxes. The administrative regulation of the FIRB and PD No. 776 should be dealt differently, otherwise we will be violating Article VI, Section 26 of the Constitution, that every bill passed by Congress shall embrace only one subject which shall be expressed in the title thereof.

REP. SALCEDA. Correct.

REP. RODRIGUEZ. May I go to my next point, Mr. Speaker. Is that possible, distinguished colleague?

REP. SALCEDA. Yes.

REP. RODRIGUEZ. Now, Section 10 of Article III—this is the Bill of Rights—it says, “No law impairing the obligation of contracts shall be passed.” Is the distinguished colleague aware of this constitutional provision of Section 10?

REP. SALCEDA. Yes.

REP. RODRIGUEZ. Now, the prohibition contained in this constitutional provision against impairing of contracts is precisely to respect contracts, to respect franchise, to respect property. Would the Gentleman agree that in a contract, the obligation protected against impairment includes any lawfully binding agreement either expressed or implied, executory or executed between private parties—the locators, in this case, and the State or any of its instrumentality—even if such contract is in a form of grant from one to another. Would you agree with that statement?

REP. SALCEDA. No.

REP. RODRIGUEZ. May I know why you...

REP. SALCEDA. The non-impairment clause...

REP. RODRIGUEZ. ... will not agree with the statement? When this was decided...

REP. SALCEDA. ... of the Constitution cannot be invoked in the case of a revocation of the tax incentive.

REP. RODRIGUEZ. Well, that is...

REP. SALCEDA. The impairment clause yields to the supreme power of Congress to police and the power of the State to tax. I do not want to cite all the SCRA but you say, Your Honor, there is sufficient SCRA to support that statement.

REP. RODRIGUEZ. This statement, Mr. Speaker, distinguished colleague comes from the case of *Noble vs. City of Manila*, ...

REP. SALCEDA. No.

REP. RODRIGUEZ. ... wherein this particular case, it was stated that you cannot impair an agreement—in this case, the locator and the State or the Republic of the Philippines, when they locate that, they will be given all of these incentives. It was the Supreme Court that mentioned that. Would the distinguished colleague now change his position since the Supreme Court has ruled on the matter?

REP. SALCEDA. There is also a Supreme Court ruling on the cases of *La Bugal-B'laan Tribal Association, Inc. vs. Ramos* and the *Republic of the Philippines vs. Caguioa*. So, Your Honor, I think, verily, we will not stop you from going to the Supreme Court...

REP. RODRIGUEZ. May we know what...

REP. SALCEDA. ... to ask them to decide which of those cited cases—whether the one you cited or the one I cited—is the one that is right and the one that is good for the country.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleague, all authorities on contracts like *Fletcher vs. Peck*, like Willoughby on contracts, have clearly stated that, precisely, the State may not be able to destroy, take away the effectivity of contracts between the State and the local or the other, the private party because the Constitution—the Bill of Rights—protects everyone who deals with the government. Is that correct, distinguished colleague?

REP. SALCEDA. But on the other hand, Your Honor, the jurisprudence is abundant with the rule that the inviolability of contracts may be set aside to carry out the State's objective of promoting the general welfare. There is *Goldenway Merchandising Corporation vs. Equitable PCI Bank* which says:

The freedom to contract is not absolute. All contracts and all rights are subject to the police power of the State and not only may regulations which affect them be established by the State, but all such regulations must be subject to change from time to time, as the general well-being of the community may require, or as the circumstances may change, or as experience may demonstrate the necessity. Settled is the rule that the non-impairment clause of the Constitution must yield to the loftier purposes targeted by the government. The right granted by this provision must submit to the demands and necessities of the State's power of regulation.

REP. RODRIGUEZ. But, Mr. Speaker, distinguished colleague, in this particular situation, there had been decisions in the United States, in *Crenshaw vs. United States*, 134 U.S. 99, and in the Philippines, *Pedro vs. Provincial Board of Rizal*, 56 Phil. 138. Here is the very pertinent decision of the Supreme Court. What does it say? These fall squarely on our locators which have a contract with the Philippine government, and they say that where the foreign corporation relies upon existing laws to the effect that certain charges will not apply and will be imposed upon it, and has entered with the State into a transaction—such as the transaction between locators and the PEZA and the Board of Investments and the Clark, the Clark Development Authority and the other IPAs—there is a contract and that contract exists between that foreign corporation and the State. The

effect of that is that this obligation of the State cannot be impaired by another law because the Constitution precisely protects all of these contracts with our foreign locators, Mr. Speaker.

REP. SALCEDA. Your Honor, it should be read in the whole of Constitution: I do not wish to belabor the point that US laws are not valid here. We learn from them. In fact, recently, Your Honor, Trump just violated that contract with Huawei, citing the same Constitution, citing the higher priority of national security. I can go on and on about what the Trump administration has done which are violative of so-called contracts in favor of national security. The State has the right to promote the welfare of the people. It has the right to defend itself.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleague, in the case of the *Government vs. the Visayan Surety & Insurance Company*, 88 OG 2814, Official Gazette, and in the case of *Manila Trading & Company vs. E.M. Reyes*, 62 Phil. 461, they clearly state that a law impairs an obligation when it takes from a party a right to which he is entitled.

In this case, the locators by our agreement for them to locate here, and granting them franchise, the certificate of registration precisely gives these locators the right to demand that we follow what has been granted by the State. What are these: income tax holidays, six to eight years, pioneer; four to six years, non-pioneer; and 5 percent gross income taxation. This already gives to a party the right to receive these benefits. It cannot be unilaterally taken up by another legislation. Plus, the prospectivity of laws—we can apply this in the next batch of investors after this Bill but, certainly, no way can this be used to change the regime in those locators already here enjoying the rights given by the State itself. They have to be protected by the law on the impairment of obligations clause, Mr. Speaker.

REP. SALCEDA. Unfortunately, Your Honor, that PEZA you referred to has submitted a bill which changes everything—page 2, page 3, page 4. It is virtually, Your Honor, a mirror of inferior kind of the bill we are to pass. Essentially, he is trying to say, for example, Your Honor, that ITH be 10 years. There is none, Your Honor, in the existing ones. And six years for non-pioneer—that is the change of law. For example, they are saying, that we should reduce corporate income tax that does not exist. In the existing law, it says in four years, 18; in year five, 17; year six—my God, Your Honor, your PEZA admits that this law can be changed.

REP. RODRIGUEZ. Mr. Speaker.

REP. SALCEDA. They gave me a proposed change.

REP. RODRIGUEZ. Mr. Speaker.

REP. SALCEDA. In fact, that has been filed, Your Honor, by yourself which, in fact, under 3757, virtually overhauls, but a bit, Your Honor, in a way that is more generous to investors, Your Honor, than the one we are promoting.

I guess, Your Honor, we can probably discuss some of the provisions which I think, we will learn from. The only thing missing, Your Honor, in this law that you are proposing is the fact that there are no links to performance. We are willing to, Your Honor, accept because all the arguments that you have propounded—I think this Bill, actually, defeats itself. I guess, Your Honor, the mere filing of this Bill does not change the principle, but rather, Your Honor, it also shows that you are convinced that tax laws can be changed.

REP. RODRIGUEZ. Yes, but not when it impairs precisely the obligation of contracts. That is separate. One section of our Constitution is the non-impairment of contract clause. Precisely, Mr. Speaker, we are not concerned whether you give additional rights, but the present rights of the locators should always be protected and cannot be, unilaterally by a new legislation, taken away because, again, it will be a violation of the impairment of contract clause. We have to continue with the PEZA economic zones, with their income tax holiday and the 5 percent. Let the newer ones, prospectively, have that imposed on them and there will be no problem.

That is what we are saying; there can be changes but the change, Mr. Speaker, is prospective, we cannot change retroactively and try to discard the 5 percent without due process of law because that is precisely protected by the Constitution. For the new ones, yes, by all means we can have this Bill. But it will only be effective for the new ones because they will apply, and it is take it or leave it—if they do not want the new law that we will pass, then, they will not come in. But for those already in the PEZA zones, in Clark, in Subic, those granted the incentives by the Board of Investments, we cannot take that away from them. Otherwise, we impair the obligation of contracts, because what do more cases of the Supreme Court say? In the case of *80 New Orleans vs. Louisiana Sugar US vs. 125 US 18*, *Green v. Biddle*, 21 U.S. 8 Wheat, 84; *Clemons vs. Nolting*, a Philippine case as early as *42 Phil. 702*, says that insofar his substantive rights under the contract concerned, they are impaired by any acquiescence which diminishes the value of the contract. If you will change the 5 percent of those already granted, that is a clear violation of the substantive rights of the locators.

To those who were just recently been given six to eight years, and they are now only in their second year, and you will tell them, “No more, you cannot get the eight years,” that is a substantive violation of our contract with them, and these cases will show that if we have somebody going to the Supreme Court, precisely, Mr. Speaker, if this is the kind of bill that we have, if you will not amend it, and one locator goes there, we are clear that US jurisprudence and Philippine jurisprudence will say that it should be prospective, that should be the case, and they cannot be retroactive.

REP. SALCEDA. The proof of the pudding is in the eating, Your Honor.

REP. RODRIGUEZ. Let us hear from the distinguished colleague, yes.

REP. SALCEDA. The proof of the pudding is in the eating.

I have talked to all the guys you are referring to—the JFCs, the SEIPI, the IT-BPAP, and I can tell you, Your Honor, with all the assurances I can make for whatever it is worth, they are already fine with the 10 years, Your Honor. They are fine that there needs to be changes, that incentives must be linked to performance, that in the whole world there is no “forever” except in the Philippines, that the CIE-GIE framework leads to transfer pricing. It came from their very mouth, Your Honor, during our breakfast. In fact, they were volunteering certain instances, Your Honor, where that thing is so prevalent. But, I guess, Your Honor, I am sure that the Committee has studied the Bill very well, and that this Congress has passed on by its collective wisdom, will surely pass any judicial review by the Supreme Court.

REP. RODRIGUEZ. Well, that is a good opinion of the distinguished colleague but based on the cases that we have cited, from US cases on taxation and Philippine cases, it is very clear. The case of *Ogden v. Saunders*, 25 US 12 *Wheat 213* and that of the *Government vs. Visayas Surety* say it will now appear that a law in order to impair is necessarily retroactive, and this is the kind of law that is retroactive. Therefore, this impairs.

If it is for prospective operation, no impairment can result. That is the point. What we are saying here is, let us not have this kind of retroactive Bill because any retroactivity of the Bill impairs the obligation of contract. If our distinguished authors will say “we will pass it and we will, therefore, implement this with the new applicants’ locators,” there will be no impairment of contract because it will be prospective. Does the distinguished colleague agree with that?

REP. SALCEDA. No.

REP. RODRIGUEZ. So, may I proceed to the next point.

Now, the FIRB shall, according to PD No. 776, the FIRB shall convene once a month as provided by PD No. 776, or as often as called by the Secretary of Finance. Now, how will the Secretary of Finance be expected to fulfill his duties as Chair of the FIRB and on top of these, he will co-Chair all of the IPAs? How can the Secretary of Finance physically handle that? According to the FIRB, it convenes once a month. He is the Chair of the FIRB, now he will also be the co-Chair of each of the IPAs. May we know how many IPAs, distinguished colleagues, will be affected by this retroactive Bill?

REP. SALCEDA. Your Honor, to be practical, I guess, being a member of the other IPA Boards is not as critical as being the Chair of the FIRB. Your Honor, if you compare all the regulatory frameworks in the region, the DOF is always present in the approval on the grant of incentives. I am talking about Thailand, Indonesia, and Vietnam, here is the comparison which I will willingly share with you.

Currently, Your Honor, the DOF does not sit in the BOI and it virtually has no role, tapos uutusan natin sila maningil. Hindi ho ba dapat lang na kung ikaw ang maniningil, kung ano ang makakapigil sa inyong pagsingil ay dapat, at least mayroon kang pakialam?

Doon po sa Indonesia, ang approval po ay dumadaan po sa DOF; sa Malaysia, ang DOF ang nag-o-audit; sa Singapore bago ito aprubahan, ini-evaluate ng DOF; sa Thailand, siya mismo ang nag-a-approve; at sa Vietnam, siya ang nag-o-audit. Compare that to the Philippines, Your Honor, where there is virtually no role for the Department of Finance. I can agree, Your Honor, that being a member of the Board of all the other IPAs is not as critical as chairing the FIRB. So, I guess, Your Honor, I will willingly accept an amendment that will essentially not make him a member of the board of the IPAs, but rather to keep his arms-length relationship with the IPAs, then he may choose to only chair the FIRB. That is more critical, because right now, nobody overlooks the grant of incentives.

REP. RODRIGUEZ. Mr. Speaker, distinguished colleagues, you just mentioned about the Secretary of Finance in other countries being involved in tax incentive authority. My matrix from my research on tax incentives administration—I do not know if the distinguished colleague will agree, but in Brunei Darussalam, the tax incentive authority is not the Secretary of Finance; it is the Ministry of Industry and Primary Resources. Would you agree that the tax incentive authority does not fall on the Secretary of Finance?

REP. SALCEDA. I already mentioned, Your Honor, ...

REP. RODRIGUEZ. Do you agree?

REP. SALCEDA. ...the other countries—Indonesia, Malaysia, Singapore, Thailand and Vietnam—the ASEAN five. These are the big countries, Your Honor.

REP. RODRIGUEZ. Well, ...

REP. SALCEDA. So, I think, Your Honor...

REP. RODRIGUEZ. ...all the countries that I will be citing now will clearly be...

REP. SALCEDA. Well, I will study, Your Honor, ...

REP. RODRIGUEZ. The Secretary of Finance is not the one in charge of tax incentives.

REP. SALCEDA. Your Honor, ...

REP. RODRIGUEZ. Let me go now to Cambodia.

REP. SALCEDA. ... kapag ikaw inutusan maningil, tapos wala ka namang pakialam—iyong isang kamay mo bigay nang bigay, tapos, utusan mo iyong isang kamay mo maningil, ano sa tingin mo po mangyayari?

Ang pananaw ko po, Your Honor, risonable lang na bigyan ng papel ang tao na inutusan natin na maningil, na dapat kung magbibigay siya ay iyong lalo pong magpapaganda ng ekonomiya. Kung siya po ay iforego niya iyong revenues dito, mas mataas pong halaga ang maidudulot po para sa sambayanan, para po sa gobyerno at para sa taumbayan.

In short, Your Honor, to me, it is very reasonable that those who collect must have a role in the things that we forego.

REP. RODRIGUEZ. Thank you, distinguished colleague, Mr. Speaker.

So, it is clear, in Brunei, it is not the Secretary, the Ministry of Finance, but the Ministry of Industry and Primary Resources that is the Tax Incentive Authority.

We will now go to Cambodia. Will you agree, distinguished colleague, that the authority in Cambodia on tax incentives is the Council of Development of Cambodia, the Cambodian Investment Board, and the Cambodian Special Economic Zone Board, and not the Secretary of Finance.

REP. SALCEDA. Pero doon po may role po ang DOF. Member po siya.

Dito po, kahit isang membership, wala po siya.

REP. RODRIGUEZ. Yes, but in this case, the Secretary is the head of tax-incentive review. In fact, based on expanded jurisdiction, it will not only review, it will also approve and evaluate incentives. Correct, Mr. Speaker?

REP. SALCEDA. In Cambodia, Your Honor, incentives require the approval of the Minister of Economy and Finance.

REP. RODRIGUEZ. Precisely. It can be a secondary tier. But here, the FIRB will be chaired by the Secretary of Finance.

REP. SALCEDA. Correct.

REP. RODRIGUEZ. So, it is completely different from that of Cambodia. We will now go to Indonesia, Mr. Speaker.

REP. SALCEDA. Your Honor, in other countries, there is an integrated foreign services authority where the Budget, Finance and Development agency or NEDA are merged into one. Like ...

REP. RODRIGUEZ. But we are talking of the highest tax-incentive authority. I am just showing, Mr. Speaker, the fact that in other countries, it is not the Secretary of Finance or a Review Board. The Review Board means it reviews. Now, the Review Board will now evaluate and grant incentives.

REP. SALCEDA. They will not grant incentives, Your Honor. They will not propose. It is the IPAs that propose. In fact, there is a 45-day-default provision which says that if the FIRB does not act on a proposal by an IPA, it is deemed approved.

REP. RODRIGUEZ. Precisely, Mr. Speaker.

And that is why we will now go to Indonesia. In Indonesia, would you agree that the Tax Incentive Authority is the Indonesian Investment Coordinating Board, the Badan Koordinasi Penanaman Modal (BKPM), and not the Finance Department. That is what we are ...

REP. SALCEDA. Income tax incentives require the approval of the Minister of Finance.

REP. RODRIGUEZ. In this case—we are talking of tax incentive, not income tax—the tax incentive authority who will give incentives. And that is why in Indonesia, it is not the Ministry of Finance but, just like here in the Philippines, which is what is going

on and which is really working well, it is the Board of Investments that is the authority. That is why it is called the “Board of Investments.” Now, with the FIRB, no more—it will not anymore evaluate the Board of Investments. It will be given to the FIRB, a review board which is now already evaluating at the first instance.

REP. SALCEDA. Member po siya. Alam mo po, dito, pagkapunta mo ng BOI, kapag in-approve ng Board, deretso na iyong certificate of entitlement mo sa BIR. Hindi po siya dumadaan sa Minister of the Secretary of Finance. In fact, it is enforceable, it is enforced by the BIR once the BOI issues the certificate of entitlement, Your Honor, to all the incentives mentioned.

So, Your Honor, kung maniningil, halimbawa, sasabihin natin, “Hoy, you grow the revenues by 12 percent.” Then suddenly, the other hand keeps approving, foregoing all the other revenues, I guess it stands to reason, Your Honor, that your left hand must know what your right hand is doing.

REP. RODRIGUEZ. Let us go now, Mr. Speaker, distinguished colleague, to Lao PDR, People’s Democratic Republic of Lao.

The Tax Incentive Authority, there is the Investment Promotion Department. It is not even under the Ministry of Finance, but the Ministry of Planning and Investment. So, again, showing that, in our case, we have the Secretary of Finance being Chair.

REP. SALCEDA. Tama ka po.

REP. RODRIGUEZ. It will be—let me finish first.

REP. SALCEDA. Tama ka po diyan, pero bakit ko naman iko-compare ang sarili ko sa Lao?

REP. RODRIGUEZ. Pardon?

REP. SALCEDA. Bakit ko naman po iko-compare doon sa hindi naman natin kakompetensiya? Ang kakompetensiya po natin ay Vietnam, Indonesia, Malaysia, at Thailand. Doon po ako nakikipagpaligsahan.

REP. RODRIGUEZ. Well, we will go to Vietnam.

REP. SALCEDA. Hindi po diyan sa Brunei.

REP. RODRIGUEZ. We shall go to Vietnam.

REP. SALCEDA. Hindi po diyan sa Lao. Hindi po diyan sa Cambodia.

REP. RODRIGUEZ. Vietnam. It is not the Ministry

of Finance that handles tax incentives. In Vietnam, it is the Ministry of Planning and Investment.

REP. SALCEDA. Pero, ino-audit niya po. Ngayon po, walang ka-audit-audit.

REP. RODRIGUEZ. Pardon?

REP. SALCEDA. Hindi po ino-audit po ng Secretary of Finance.

REP. RODRIGUEZ. There is no—the present, the current ...

REP. SALCEDA. The General Department of Taxation and the State Auditor may carry out tax audits and reassess the tax incentives, which is tantamount to changing the tax incentives claimed by the taxpayer.

REP. RODRIGUEZ. However, ...

REP. SALCEDA. That is based on their law, text-for-text, Your Honor.

REP. RODRIGUEZ. Precisely, Mr. Speaker, and distinguished colleague. Here, will there be compatibility between the offices to be held by the Secretary of Finance, considering that as Secretary of Finance and Chair of FIRB, he has the power to review and even veto recommendations made by the IPAs, of which he is also the co-chairman? He is the co-chairman of the IPA and he can even veto as FIRB Chair. Oh, how is that?

REP. SALCEDA. Alam ninyo po, sa tinagal-tagal ko po sa private sector, Your Honor, nilalaan po talaga sa BOI, DTI ang promotion, at pinapabayaan na lang. Pero sa ngayon po, hindi na ho iyon puwede dahil po nga doon sa mga nabanggit na mga masasamang epekto sa ekonomiya. Oo, maganda, may employment, but at what cost? Oo, may export, pero at what cost? Iyong cost, mas mataas sa benefit, Your Honor, kaya po, binabago natin ang sinasabi ninyo pong kontrata.

So, Your Honor, sa ngayon, paano naman iyon sa dose? Iisa lang po ang DOF, outvoted po siya. Samakatuwid, Your Honor, kailangan bigyan ng substantial na poder ang nag-iisang Department of Finance dahil siya po ang maniningil at nasa kaniya rin po ang responsibilidad bilang *primus inter pares* ng economic managers group. His first job really is to grow the economy. If there is a negative impact from all of these incentives, he may choose to, for example, go into—at saka hindi lang naman po iyon kung bakit po natin i-expand ang functions of the FIRB? Number one, it is to prevent the grant of unnecessary incentives by

ensuring the uniform application of incentives. Number two, ang expanded FIRB will improve transparency dahil siya mismo lang wala nang ibang turuan. An expanded FIRB will improve accountability kasi siya po ang oversight. An expanded FIRB will ensure that the benefits outweigh the cost bago mo aprubahan. Siyempre, kung mas maganda ang cost-benefit analysis, makakatulong ang FIRB sa policy-making at ang expanded FIRB will ensure na sa dinami-dami ng IPA, iyong mga priorities dapat nila aligned with the SIPP. Dahil kung minsan po, etong isang IPA, may isang industriyang nag-offer ng maganda, tapos po, hindi naman consonant to the national development strategy, eh, siyempre, on his level, okay, pero, on the national level, it is not so okay.

And lastly, Your Honor, ang function po ng expanded FIRB is really to align—as I already mentioned, we are competing with Indonesia, Malaysia, Singapore, Thailand and Vietnam. I think, they are aligned with international best practices in the system of granting incentives.

REP. RODRIGUEZ. Precisely, Mr. Speaker, we are trying to make a comparative study because, we are saying here, precisely, that in this particular case, you have given all encompassing powers to the Secretary of Finance. That is why, we have the comparison, and that is why, after Vietnam, then we will go to Thailand, and in Thailand it is the Board of Investment that is the authority. Then we will go to Myanmar so that we can have the same framework for...

REP. SALCEDA. Myanmar.

REP. RODRIGUEZ. ...the Tax Incentive Authority. In Myanmar, who has the Tax Incentive Authority? In Myanmar, it is the Directorate of Investment and Company Administration, not a Review Board chaired by a Secretary of Finance. Would you agree?

REP. SALCEDA. No.

REP. RODRIGUEZ. Now, may I know why do you not agree?

REP. SALCEDA. Kasi ...

REP. RODRIGUEZ. This is what is provided by the law...

REP. SALCEDA. Kasi dadaan siya sa Ministry of Finance. Kasi po, iyong tinatawag nating Myanmar Investment Commission, ang naka-Chair po diyan ay iyong Ministry of Finance. So, bakit ko naman po hihiwain pa iyong buhok eh the proof of the pudding is in the eating. In reality, it is approved by the Ministry

of Finance. Essentially, it is only the Commission that provides the context.

REP. RODRIGUEZ. Precisely...

REP. SALCEDA. If we do not tap this agency...

REP. RODRIGUEZ. ...because, for example, the Tax Incentive Authority is with the directorate of investment and company. And, we now we will go to Malaysia, Mr. Speaker.

REP. SALCEDA. ...audit lang po.

REP. RODRIGUEZ. In Malaysia, the authority is with the Investment Promotion Department (IPD) and the parent ministry is the Ministry of Planning and Investment. So, where is the Secretary of Finance here?

REP. SALCEDA. Well, miyembro po siya.

REP. RODRIGUEZ. Well...

REP. SALCEDA. Number two, kasama po siya sa pag-audit noong incentives. So, sa tingin ko Your Honor, kaysa naman sa ngayon, sa atin na walang-wala.

REP. RODRIGUEZ. We are not talking, Mr. Speaker, of membership; we are talking here of chairmanship, chairmanship of the Fiscal Incentives Review Board, that is what our Secretary of Finance is. He is going to evaluate and review and veto recommendations made by the IPAs, who for a long time have been evaluating this and granting the incentives.

So, let us move to another country, Mr. Chairman, to Singapore. Here we have the Economic Development Board and it is under the Ministry of Trade and Industry, not the Secretary of Finance.

So, in other words, would you agree that clearly, let us leave incentives to those like the Board of Investment, and not try to get the powers of the Board of Investment and put it in the FIRB. See, that is the point. That is the problem. We already have a Board of Investments. What happens to the employees of the BOI?

REP. SALCEDA. Alam mo...

REP. RODRIGUEZ. What happens to the employees of the PEZA? What happens to the incentives office of the Clark Development Authority? The BCDA? Wala, that is why you are providing for the displacement of workers in your Bill, Mr. Speaker, Mr. Chairman.

REP. SALCEDA. Wala hong displacement, Your

Honor. Nilalagyan ho natin ng isang oversight. Alam mo, parang inihahanda natin iyong carpet tapos nasa inyo po kung paano ka mahihiga. Sasabihin po namin sa FIRB, “Hoy doon ka, kasi mali iyang nahigaan mo. May nakalaan na diyan.” Ang sinasabi ko, Your Honor, it has always been part of international best practices to separate promotion from regulation. In this case, Your Honor, by its very nature, by its intrinsic nature, an incentive is a promotion and therefore, Your Honor, the only way really is to regulate it or to conduct oversight.

Sinasabi ko nga kanina, kung ang left hand ang naniningil, ang right hand ang namimigay, kailangan alam po ng right hand iyong left hand.

REP. RODRIGUEZ. Mr. Speaker, just to inform the Majority Leader that we still have lots of questions. Can we continue tomorrow, Mr. Speaker, so that we will be more refreshed and both parties will be prepared, Mr. Speaker.

REP. BONDOC. Mr. Speaker, May I know if...

THE DEPUTY SPEAKER (Rep. Estrella). The Majority Leader is recognized.

REP. BONDOC. Should the Honorable Rodriguez wish to continue, then we would gladly accede to his wishes, if he wants to continue tomorrow.

REP. RODRIGUEZ. We would like to continue tomorrow in view of the fact that tomorrow, early morning, I will be interviewed, Mr. Speaker, in Headstart by Karen Davila and if he takes so much time here, I would not be very prepared for the interview tomorrow. So I ask for a continuance tomorrow because I still have a lot of questions on the Board of Investments and the other IPAs.

THE DEPUTY SPEAKER (Rep. Estrella). Yes, the Majority Leader is recognized.

REP. BONDOC. We take note of the statement of the Hon. Rufus Rodriguez and his wish to continue tomorrow.

THE DEPUTY SPEAKER (Rep. Estrella). Duly noted.

SUSPENSION OF CONSIDERATION OF H.B. NO. 4157

REP. BONDOC. With that, since no other colleague present wishes to interpellate, Mr. Speaker, I move to suspend the consideration of House Bill No. 4157, as contained in Committee Report No. 2.

THE DEPUTY SPEAKER (Rep. Estrella). Is there any objection? (*Silence*) The Chair hears none; the motion is approved.

ADOPTION OF THE RULES OF PROCEDURE GOVERNING INQUIRIES IN AID OF LEGISLATION

REP. BONDOC. Mr. Speaker, I move that we adopt the Seventeenth Congress' Rules of Procedure Governing Inquiries in Aid of Legislation as provisional rules of the Eighteenth Congress until the adoption of the new Rules.

So, let me rephrase that, Mr. Speaker.

I move that we adopt the Seventeenth Congress' Rules of Procedure Governing Inquiries in Aid of Legislation as the provisional rules of the Eighteenth Congress until the adoption of the new Rules of Procedure Governing Inquiries in Aid of Legislation of the Eighteenth Congress.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Estrella). Just a minute.

No, I do recall that we have suspended, let me ...

REP. BONDOC. That was for the consideration of the House bill, Mr. Speaker, not the session.

THE DEPUTY SPEAKER (Rep. Estrella). All right. There is a motion from the Majority Leader. Is there any objection to the motion of the Majority Leader? (*Silence*) The Chair hears none; the motion is hereby approved.

ADOPTION OF THE RULES OF PROCEDURE IN IMPEACHMENT PROCEEDINGS

REP. BONDOC. Mr. Speaker, likewise, I move that we adopt the Seventeenth Congress' Rules of Procedure in Impeachment Proceedings as the provisional rules of the Eighteenth Congress until the adoption of the new Rules of Procedure in Impeachment Proceedings of the Eighteenth Congress.

I so move, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Estrella). Is there any objection to the motion of the Majority Leader? (*Silence*) The Chair hears none; the motion is hereby approved.

REP. BONDOC. Mr. Speaker, I move that we include coauthors of House Bills No. 304 and 4157, as contained in the list submitted by the Committee on Rules.

THE DEPUTY SPEAKER (Rep. Estrella). Is there any objection? (*Silence*) There being none, the motion is approved. The Secretary General will take note that there are other Members included as authors.

REP. BONDOC. Mr. Speaker, I move for the recognition of the Hon. Jose Christopher Y. Belmonte on behalf of the Minority.

THE DEPUTY SPEAKER (Rep. Estrella). Yes, the honorable Gentleman from Quezon City, of the Minority, is hereby recognized.

ELECTION OF REP. ADVINCULA TO THE
SPECIAL COMMITTEE ON BASES
CONVERSION

REP. BELMONTE. Thank you very much, Mr. Speaker.

Mr. Speaker, on behalf of the Minority, I move that we elect to the Special Committee on Bases Conversion the Hon. Alex "AA" L. Advincula.

THE DEPUTY SPEAKER (Rep. Estrella). Is there any objection? (*Silence*) There being none, the motion is approved.

REP. BELMONTE. Thank you very much, Mr. Speaker.

THE DEPUTY SPEAKER (Rep. Estrella). The Majority Leader is recognized.

ADJOURNMENT OF SESSION

REP. BONDOC. Mr. Speaker, I move that we adjourn the session until tomorrow, September 3, at five o'clock in the afternoon.

THE DEPUTY SPEAKER (Rep. Estrella). Is there any objection (*Silence*) The Chair hears none; the session is adjourned until tomorrow, September 3 at five o'clock in the afternoon.

It was 9:38 p.m.