

[REPUBLIC ACT NO. 6390, September 10, 1971]

AN ACT TO ACCELERATE THE IMPLEMENTATION OF THE AGRARIAN REFORM PROGRAM BY CREATING AN AGRARIAN REFORM SPECIAL ACCOUNT IN THE GENERAL FUND, PROVIDING THE NECESSARY FUNDS THEREFOR, AND FOR OTHER PURPOSES.

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

SECTION 1. *Purpose.*—It is hereby declared to be the purpose of this Act to accelerate the attainment of the objectives set forth in Republic Act Numbered Three thousand eight hundred and forty-four, otherwise known as the Agricultural Land Reform Code, as amended, by providing an immediate source of funds to finance the Agrarian Reform Program of the government, transferring certain assets of the National Government to augment the capital base of the Land Bank, involving the active participation of rural banks in a program of supervised credit by creating an Agricultural Guarantee Fund, providing counterpart funds for existing and new rural banks and prescribing certain requirements and conditions to stimulate the continuous establishment of cooperatives among those who actually till and work upon the land.

SEC. 2. *Creation of Agrarian Reform Special Account in the General Fund.*—To carry out the purpose of this Act, there is hereby created in the General Fund an Agrarian Reform Special Account, hereinafter referred to as the Account, which shall be used exclusively to finance the Agrarian Reform Program of the government.

SEC. 3. *Financial source of the Account.*—The Account shall be constituted out of a portion of the proceeds of the stabilization tax collected under Republic Act Numbered Six thousand one hundred twenty-five, as amended in Section four of this Act.

SEC. 4. Section four of Republic Act Numbered Sixty-one hundred and twenty-five is hereby amended to read as follows:

"SEC. 4. The sum of fifty million pesos shall be taken annually out of the proceeds of the levy under this Act which shall accrue to and form part of the Agrarian Reform Special Account in the General Fund: *Provided, however,* That the balance of such proceeds shall be used as follows:

"(a) Fifty *per centum* of the balance of the said collection shall be deposited with the Central Bank in a Special Account which shall be used exclusively for (1) servicing domestic and foreign debts of the National Government, (2) retiring the existing debts of the National Government held, by the Central Bank which includes treasury notes, government bills or certificates, securities and bonds, and (3) amortizing the existing

budgetary deficit under the general fund: *Provided, however,* That no portion of this amount shall be applied to the payment of the subsequent overdraft of the National Government;

"(b) Twenty-five *per centum* of the same balance of the collection shall be deposited with the Central Bank in a Special Account which shall provide for (1) the counterpart requirements of projects financed by the Asian Development Bank, the International Bank of Reconstruction and Development and other United Nations agencies, and other projects financed by loans under bilateral agreements; and (2) the counterpart funds of the government in the setting up of rural banks and for expanding the capital base of established existing rural banks: *Provided,* That the amount of ten million pesos annually shall be set aside to augment the government counterpart fund for the establishment of new rural banks and five million pesos to expand the capital base of established rural banks existing as of the date of effectivity of this Act: *Provided, further* That the Central Bank may, when necessary, authorize the establishment of more than one rural bank in any municipality or city; and

"(c) Twenty-four *per centum* of the same balance of the collection shall be deposited with the Development Bank of the Philippines in a Special Account for the purpose of granting loans to export industries and agricultural development projects in the private sector, which are directly affected by the levy, including financing of industries adversely affected by Central Bank Circular 289: *Provided, however,* That priority shall be given to loans for the production and processing of indigenous raw materials for export: *Provided, further,* That not more than fifty *per centum* of the proceeds accruing to this Special Account may be utilized as advances for foreign loans directly incurred or guaranteed by the Development Bank of the Philippines in favor of borrowers paying the stabilization tax. The Development Bank of the Philippines shall submit a quarterly report on the status and details of the loan stating among others the name and address of the borrower and the amount of the loan to the joint committee created under this Act and the Committee on Banks of Both Houses of Congress upon request, the provisions of the Charter of the Development Bank of the Philippines or any law to the contrary notwithstanding.

"(d) One *per centum* of the same balance, but not to exceed three million pesos annually, shall accrue to the Board of Investments to be expended in accordance with Section eleven of Republic Act Numbered Sixty-one hundred and thirty-five: *Provided,* That thirty *per centum* of the amount shall accrue to and be remitted directly by the Central Bank to the Joint Congressional Special Account Committee created in Section nineteen hereof. The balance, if any, shall accrue to and form part of the Special Account created under paragraph (c) hereof."

SEC. 5. *Turnover Of funds accruing to the Account; release of allotments and of funds, ministerial.*—The Central Bank of the Philippines shall turn over and deliver the amount accruing to the Account under Section four of this Act to the Treasurer of the Philippines within ten days of every succeeding month. It shall likewise turn

over the amount accruing to the Committee created in Section nineteen of this Act within the same period.

The Treasurer of the Philippines shall credit the collections to the Account which shall not be debited except for withdrawals pursuant to appropriations made by law.

It shall be the ministerial duty of the Budget Commissioner to release simultaneously and proportionately the quarterly allotments from the appropriations of the agencies concerned at least ten days before each quarter as requested by their respective heads. It shall, likewise, be the ministerial duty of the National Treasurer to honor all treasury warrants drawn by the said agencies against the said allotments provided that the Account has sufficient balance to cover the same.

SEC. 6. *Appropriations.*—The funds accruing to the Account for the fiscal year ending June 30, 1972, are hereby appropriated as follows:

(a) For additional lending operations of the Agricultural Credit Administration	P20,000,000
(b) For capital contribution of the government to the Land Bank	20,000,000
(c) For land development and resettlement, survey and subdivision and the issuance of titles by agrarian reform agencies	<u>10,000,000</u>
Total	P60,000,000

SEC. 7. *Allocation of proceeds.*—The funds accruing annually to the Account after June 30, 1972 shall be allocated as follows:

(a) For additional contribution to the Agricultural Guarantee Fund create under Section twelve hereof	P20,000,000
(b) For capital contribution of the government to the Land Bank	10,000,000
(c) For lending activities of the Agricultural Credit Administration	10,000,000
(d) For land development and resettlement, survey and subdivision and the issuance of titles by agrarian reform agencies	10,000,000
Total	<u>P50,000,000</u>

SEC. 8. *Conditions for expenditures of funds of the Account.*—The amounts provided in Sections six and seven shall be in addition to existing appropriations in the annual Appropriations Act and shall be included in the respective budgets of the agencies concerned. They shall be spent solely for agrarian reform. No portion of the proceeds accruing to the Account shall be spent for administrative expenses, including salaries and wages.

The credit balance, if any, of the Account at the end of each fiscal year shall be available for appropriation only for activities of any of the government agencies

implementing the agrarian reform program.

In the expenditure of these funds, the agencies concerned shall be guided by the requirements and conditions set forth in this Act.

The agencies receiving these funds shall render a detailed separate accounting of amounts received and the dispositions thereof each fiscal year to the Joint Committee created under this Act within thirty days after the opening of each regular session of Congress.

The Account or any part thereof shall not be subject to any provision of any appropriation Act or any other law which grants the President of the Philippines authority to transfer funds from one branch, department, office or agency of the government to another, or from one item to another, or to suspend the appropriation of any item or utilize the savings thereof to cover the deficits in or augment the appropriations of any other item.

SEC. 9. *Transfer of certain assets of the National Government.*—The remaining undisposed properties listed in Schedule "A" of Republic Act Numbered Fifty-one hundred and sixty-nine are hereby transferred to the Land Bank which shall take steps to have them titled in the name of the Land Bank in accordance with existing laws. The provisions of Section four of Republic Act Numbered Fifty-one hundred and sixty-nine to the contrary notwithstanding, the assets so transferred shall be credited as payment of the government capital subscription to the Land Bank, based on the appraised market value of those properties determined in accordance with Section three of the same Act.

The shares of stocks of the National Government in the Lepanto Consolidated Mining Company, Inc., now being administered by the Board of Liquidators, are hereby transferred to the Agricultural Guarantee Fund created under Section twelve of this Act.

SEC. 10. *Turnover of assets to the Land Bank.*—It shall be the ministerial duty of the Bureau of Lands, and the Bureau of Buildings and Real Property Management to turn over to the Land Bank within six months after the approval of this Act, the undisposed valuable properties of the National Government listed in Schedule "A" of Republic Act Numbered Fifty-one hundred and sixty-nine.

SEC. 11. *Disposition of assets.*—The Land Bank shall, under the rules and regulations it shall promulgate, transfer, lease or otherwise dispose of the transferred real properties. In order to achieve the maximum utilization of these assets in the accomplishment of its objectives, the Land Bank may classify, develop, and subdivide the transferred real properties, dispose of them for cash or Land Bank bonds, or enter into joint ventures: *Provided*, That priority shall be given to the Government Service Insurance System, the Social Security System, and any other financially capable government corporations in the disposition of these properties. Valuations of government lands under bidding shall be subject to General Auditing Office rules and regulations. Within thirty days from the date of the opening of the regular session of Congress, the Land Bank shall submit an annual report to all the Members of Congress, through the Presiding Officers of both Houses, on the disposition of the assets herein acquired. All records in connection with such disposition shall be open to scrutiny upon request of the Joint Committee, the