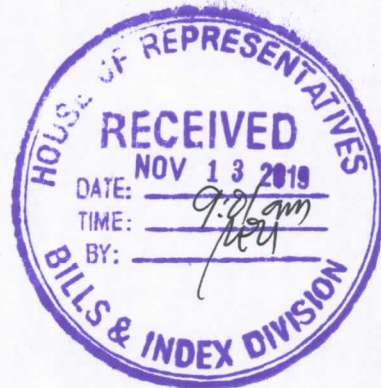




Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**EIGHTEENTH CONGRESS**  
First Regular Session

**House Bill No. 5450**



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Introduced by Representative **GERALDINE B. ROMAN**

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### **EXPLANATORY NOTE**

With increased competition from imported rice, resulting in part from the implementation of the Rice Tariffication Law,<sup>1</sup> the price of rice has fallen. For example, the average farmgate price of palay, as of last mid-August, was Php 17.62 per kilo, down 21% from last year.<sup>2</sup> The average wholesale price of well-milled rice decreased 8% to Php 39.14 per kilo toward the end of last July.<sup>3</sup> The wholesale price of regular-milled rice fell 10% to Php 35.27 per kilo while the average retail price also decreased by 7.7% to Php 38.38 per kilo.<sup>4</sup> Meanwhile, the cost of rice production, including the price of farm fertilizers and pesticides, remains high. Based on the latest data of the Philippine Statistics Authority as of August 2019, notable increases in fertilizer prices were especially noted in rice-producing regions such as Central Luzon, Western Visayas, Cagayan Valley and Bangsamoro Region. The combination of low palay price and high rice production cost has prevented farmers from earning a reasonable profit, scaling up rice production, and honoring their loan commitments. This, in turn, has forced farmers to seek alternative employment and dampened interest in farming, threatening in the long run the country's rice industry and food security.

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1 See R.A. No. 11203, "An Act Liberalizing the Importation, Exportation and Trading of Rice, Lifting for the Purpose the Quantitative Import Restriction on Rice, and For Other Purposes."

2 See J.C. Punongbayan, "Plummeting rice prices: How will our rice farmers cope?," Rappler (Sept. 5, 2019).

3 See Louise Maureen Simeon, "Palay production down 5% on Q2," The Philippine Star, 2019, <https://www.philstar.com/business/2019/08/17/1943999/palay-production-down-5-q2> (last visited Sept. 6, 2019).

4 See Louise Maureen Simeon, "Palay production down 5% on Q2," The Philippine Star, 2019, <https://www.philstar.com/business/2019/08/17/1943999/palay-production-down-5-q2> (last visited Sept. 6, 2019).

This bill seeks to exempt from all taxes fertilizers and pesticides used in rice production to make them more affordable and enable farmers to earn a reasonable profit. Immediate passage of this bill is earnestly sought.

  
**GERALDINE B. ROMAN**



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**AN ACT**  
**EXEMPTING FROM TAXES**  
**FERTILIZERS AND PESTICIDES USED IN RICE PRODUCTION**

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

**SECTION 1. *Short Title.*** - This Act shall be known as the "Farm Fertilizer & Pesticide Tax Exemption Act" of the Philippines.

**SEC. 2. *Declaration of Policy.*** — It is the declared policy of the State to recognize the indispensable role of the agricultural sector for national growth and development. As such, the State shall foster an enabling environment for rice farmers, and provide effective assistance to them to enable them to earn a reasonable profit and increase and encourage local rice production.

**SEC. 3. *Tax Exemption*** — All fertilizers and pesticides used in rice production are hereby exempt from all taxes.

**SEC. 4. *Repealing Clause.*** — All laws, presidential decrees or issuances, executive orders, letters of instruction, administrative orders, rules or regulation inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 5. *Separability Clause.*** — If any provision of this Act is declared unconstitutional, the remainder of this Act or any provision not affected thereby shall remain in full force and effect.

**SEC. 6. *Effectivity.*** — This Act shall take effect fifteen (15) days after the publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*