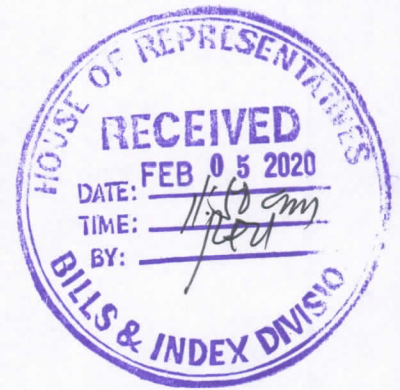


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6187



Introduced by Representative Ron P. Salo

EXPLANATORY NOTE

In 1991, Republic Act No. 7061, or the Local Government Code was passed into law, giving life to the Constitutional grant of taxing authority among Local Government Units (LGUs). Sec. 5, Art. X of the 1987 Constitution specifically provides that,

"Each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy..."

As provided under Sec. 237 of the Local Government Code of 1991, provinces, cities, and municipalities within Metro Manila may levy an additional idle land tax at a rate not exceeding five percent (5%) of the assessed value of the property, which is on top of the basic real property tax. The additional idle land tax was intended to penalize land owners who have failed to utilize their property over a considerable period of time, while at the same time providing additional source of revenue for the LGU.

Unfortunately, despite the disincentive imposed upon the owners of idle lands, many remained undeveloped, much less utilized. In fact, in February 2017, President Rodrigo R. Duterte announced that he plans to double the taxes of idle lands which will not be developed within a decade. The President said,


"Yung mga bakante na naghintay lang ng speculation, naghintay lang ng araw kung magmahal na ang lupa bago gamitin I will tax idle lands heavily."

Corollary, Republic Act No. 10176 was passed into law on July 2011 which mandated that all provinces, cities and municipalities with their component barangays to fix an appropriate date every calendar year which shall be deemed suitable according to the proper time and season for planting trees in the respective provinces and their respective component municipalities or cities. Section 8 of the same law further provided that all able-bodied citizens of the Philippines, who are at least twelve (12) years of age, shall be required to plant one (1) tree every year.

Notwithstanding the power given to LGUs to tax idle lands, available Government Data showed that only the City of Marikina, among the Metropolitan Manila Cities, imposed such tax which in turn allowed the city to generate a total collection of Php 243.1 million from 2002 to 2009. Neither the enactment of R.A. 10176 improved the utilization of idle lands, considering that many Filipinos who have the financial resources are acquiring lands or real estate, merely for investment and not for a gainful endeavor that will make the land productive.

Consistent with the President's pronouncement to encourage land use and development, as well as promote the people's right to a balanced and healthful ecology, it is hereby proposed that the pertinent provisions under the Local Government Code, pertaining to imposition of idle land tax be amended as proposed under this Act.

In view of the foregoing, approval of this bill is earnestly sought


RON P. SALO
KABAYAN Partylist

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AN ACT
AMENDING SECTIONS 236 AND 237 (A), (B), OF CHAPTER IV, TITLE I, BOOK
II, OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL
GOVERNMENT CODE OF 1991

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

SEC. 1. Declaration of Policy – It is hereby declared the policy of the State
to:

- (a) Ensure that lands are utilized efficiently according to their best use;
- (b) To promote the full utilization of lands that will enhance the economic activity within the locality;
- (c) Encourage landowners to develop and maintain their properties to benefit not only the owners, but the community in general;
- (d) Discourage or to serve as disincentive to speculative acquisition of lands;
- (e) To promote the autonomy of Local Government Units (LGUs) through the power vested upon LGUs to create its own sources of revenues and to levy taxes, fees and charges, subject to the limitations provided by law; and
- (f) Protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature, recognizing the vital role of trees, as well as fruit and vegetable bearing crops in ecological stability and food sustainability.



SEC. 2. Section 236, Chapter II, Title I, Book II, of Republic Act No. 7160 is hereby amended to read as follows:

SEC. 236. Additional Ad Valorem Tax on Idle Lands. - A province or city, or a municipality within the Metropolitan Manila Area, ~~may~~ **SHALL** levy an annual tax on idle lands at the rate ~~not exceeding~~ **OF** five percent (5 %) of the assessed value of the property which shall be in addition to the basic real property tax.

SEC. 3. Section 237 (A), (B), Chapter II, Title I, Book II, of Republic Act No. 7160 is hereby amended to read as follows:

SEC. 237. Idle Lands, Coverage. - For purposes of real property taxation, idle lands shall include the following:

(a) Agricultural lands, ~~more than one (1) hectare~~ **REGARDLESS OF** area, suitable for cultivation, dairying, inland fishery, and other agricultural uses, ~~one-half (1/2) of which remain uncultivated or unimproved by the owner of the property or person having legal interest therein. Agricultural lands planted to permanent or perennial~~ **WITH VEGETABLE OR FRUIT BEARING CROPS OR** with at least ~~fifty (50)~~ **TWO HUNDRED (200)** trees to a hectare, **OR A PROPORTIONATE NUMBER OF TREES IF SUCH LAND IS EITHER LESS THAN OR MORE ONE HECTARE**, shall not be considered idle lands. Lands actually used for grazing purposes shall likewise not be considered idle lands.

(b) Lands, other than agricultural, located in a city or municipality, ~~more than one thousand (1,000)~~ **REGARDLESS OF** area ~~one-half (1/2) of which remain unutilized or unimproved by the owner of the property or person having legal interest therein.~~ **HOWEVER, LANDS PLANTED WITH AT LEAST ONE (1) TREE FOR EVERY FIFTY (50) SQUARE METERS, OR AT LEAST FIFTY PERCENT (50%) OF THE AREA IS PLANTED WITH VEGETABLE OR FRUIT BEARING CROPS FOR A PERIOD OF AT LEAST SIX (6) MONTHS IN A YEAR, SHALL NOT BE CONSIDERED IDLE LANDS.**

(c) Regardless of land area, this Section shall likewise apply to residential lots in subdivisions duly approved by proper authorities, the ownership of which has been transferred to individual owners, who shall be liable for the additional tax: Provided, however, that individual lots of such subdivisions, the ownership of which has not been transferred to the buyer shall be considered as part of the subdivision, and shall be subject to the additional tax payable by subdivision owner or operator..

SEC. 4. Repealing Clause. – all laws, decrees, executive orders, ordinances, rules, regulations, or other issuances, or parts thereof which are inconsistent with any of the provisions of this Act are hereby repealed, amended, and/or modified accordingly.

SEC. 5. Implementing Rules and Regulations. – The Department of Finance (DOF), Department of the Interior and Local Government (DILG), Department of Agriculture (DA), and the Department of Environment and Natural Resources (DENR), shall issue the Implementing Rules and Regulations (IRR) within ninety (90) days from the effectivity of this Act.

SEC. 6. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved.

