



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. **3162**

INTRODUCED BY REPRESENTATIVE **CHRISTIAN S. UNABIA**

EXPLANATORY NOTE

This bill seeks to strengthen the price support system under Republic Act No. 7607, otherwise known as the "*Magna Carta of Small Farmers*" by prohibiting traders from purchasing certain agricultural products below the minimum floor price set by the Secretary of Agriculture.

Under the current price support system, farm gate prices set by the Department of Agriculture are merely optional and not mandatory. Further, though the law already provides that the price support covers certain agricultural products, it applies mainly for rice and corn under the current practice. Except for the National Food Authority (NFA) and the Provincial Government of Isabela, no other government agency implements the price support system.

The price support system that NFA and Isabela are doing is to directly procure rice and corn from farmers at a competitive price. This bill, however, seeks to establish price control by making the farm gate prices of certain agricultural products by which the traders shall buy the said agricultural products.

The Secretary of Agriculture shall set a minimum and maximum floor price or a reasonable range that will ensure increase in income for farmers and an equitable return of investments for traders. The minimum floor price shall become mandatory while the maximum floor price is optional.

Likewise, this bill provides for a tax credit scheme that will encourage traders to buy at the maximum floor price that will further increase the income. With the increase in income, the farmers will strive towards bigger and better production.

It is a well-known fact that farmers are among the poorest in the Philippines. According to the Bureau of Agricultural Statistics, a farmer's annual average income is about P23,000.00 or less than P2,000.00 a month. Prohibiting and penalizing the purchase of certain agricultural products below the floor price will not only help increase the income of farmers but it will also prevent any trader to take advantage of the small farmers.

In view of the foregoing, passage of this bill is earnestly sought.



CHRISTIAN S. UNABIA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 3162

Introduced by Honorable CHRISTIAN S. UNABIA

AN ACT
STRENGTHENING THE PRICE SUPPORT SYSTEM FOR
AGRICULTURAL PRODUCE, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 7607, OTHERWISE KNOWN AS THE “MAGNA
CARTA OF SMALL FARMERS” AND APPROPRIATING FUNDS
THEREFOR

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

SECTION 1. Section 25 of Republic Act (RA) No. 7607 is hereby amended to read as follows:

“Sec. 25. **Price Support.** — The Department of Agriculture, through its appropriate agencies, shall establish a price support system for certain agricultural products, especially rice, **[and]** corn, COCONUT, BANANA, MANGO, CASSAVA, CAMOTE AND OTHER AGRICULTURAL PRODUCTS THAT THE SECRETARY OF AGRICULTURE MAY DETERMINE, taking into consideration the need to increase the real income of small farmers. **[: Provided, however, That]** The price support **[established shall]** MUST not result in the increase of

the retail prices of such AGRICULTURAL products beyond the paying capacity of the average consumer.[: *Provided, further,* **Thatthe Government shallalso endeavor to**THE SECRETARY OF AGRICULTURE SHALL PERIODICALLY DETERMINE AND set THE MANDATORY farm gate prices that respond to the changing economic conditions.

THE MANDATORY FARM GATE PRICES SHALL CONSIST OF AN UP-TO-DATE MINIMUM AND MAXIMUM FLOOR PRICE, A REASONABLE PRICE RANGE THAT ENSURES INCOME TO FARMERS AND EQUITABLE RETURN OF INVESTMENTS TO TRADERS.

IT SHALL BE UNLAWFUL FOR ANY TRADER TO BUY THE AGRICULTURAL PRODUCTS AT A PRICE LOWER THAN THE CURRENT MINIMUM FLOOR PRICE. ANY TRADER WHO COMMITS THE UNLAWFUL ACT SHALL BE PUNISHED BY IMPRISONMENT OF NOT LESS THAN ONE (1) MONTH BUT NOT MORE THAN SIX (6) MONTHS OR A FINE OF NOT LESS THAN FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE THAN ONE HUNDRED THOUSAND PESOS (P100,000.00), OR BOTH, AT THE DISCRETION OF THE COURT. IF THE OFFENDER IS A CORPORATION OR ASSOCIATION, THE PRESIDENT, MANAGER, MANAGING PARTNER OR ANY OFFICER OR EMPLOYEE OF THE

CORPORATION OR ASSOCIATION WHO DIRECTLY PARTICIPATED IN THE COMMISSION OF THE UNLAWFUL ACT SHALL BE HELD LIABLE.

In addition, the Government shall minimize importation of farm inputs which are being developed locally, such as fertilizers and seeds, except at times of calamities or emergencies.”

SEC. 2. A new section after Section 25 is hereby added to be denominated as Section 25-A of the same Act to read as follows:

“SEC. 25-A. **TAX CREDIT TO TRADERS.**— THE SECRETARY OF AGRICULTURE SHALL ENCOURAGE TRADERS TO BUY AT THE MAXIMUM FLOOR PRICE OF THE AGRICULTURAL PRODUCTS THROUGH A TAX CREDIT SCHEME.

ANY TRADER WHO BUYS THE AGRICULTURAL PRODUCTS OF FARMERS AT THE MAXIMUM FLOOR PRICE OR A PRICE ABOVE THE MINIMUM BUT BELOW THE MAXIMUM FLOOR PRICE IS ENTITLED TO A TAX CREDIT EQUIVALENT TO THE DIFFERENCE BETWEEN THE MAXIMUM AND MINIMUM FLOOR PRICE, OR BETWEEN THE PRICE ABOVE THE MINIMUM BUT BELOW THE MAXIMUM AND THE MINIMUM FLOOR PRICE. THE AMOUNT OF TAX CREDIT, HOWEVER, SHALL BE COMPUTED BASED ON THE MAXIMUM FLOOR PRICE

EVEN IF THE TRADER PAYS MORE THAN THE MAXIMUM FLOOR PRICE.”

SEC. 3. The amount necessary to cover the initial implementation of this Act shall be charged against the appropriation of the Department of Agriculture for support services under the current General Appropriations Act. Thereafter, the required budget for the continued implementation of this Act shall be submitted to the Department of Budget and Management for inclusion in the General Appropriations Act.

SEC. 4. Within ninety (90) days from the approval of this Act, the Department of Agriculture, in consultation with the Department of Trade and Industry and the Bureau of Internal Revenue concerning the tax credit, shall promulgate the rules and regulations implementing the provisions of this Act. The implementing rules and regulations issued pursuant to this section shall take effect thirty (30) days after its publication in two (2) newspapers of general circulation.

SEC. 5. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,