

HOUSE OF REPRESENTATIVES	
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REGISTRATION UNIT BILLS AND INDEX SERVICE	

Seventeenth Congress
First Regular Session

HOUSE BILL NO. 3410

Introduced by Honorable Peter M. "Sr. Pedro" 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.



PETER M. "SR. PEDRO" UNABIA

HOUSE BILL NO. 3410

Introduced by Honorable Peter M. “Sr. Pedro” 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

1 in the increase of the retail prices of such AGRICULTURAL products
2 beyond the paying capacity of the average consumer.[*Provided,*
3 *further, That the Government shall also endeavor to*] THE
4 SECRETARY OF AGRICULTURE SHALL PERIODICALLY
5 DETERMINE AND set THE MANDATORY farm gate prices that
6 respond to the changing economic conditions.

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

12 IT SHALL BE UNLAWFUL FOR ANY TRADER TO BUY
13 THE AGRICULTURAL PRODUCTS AT A PRICE LOWER THAN
14 THE CURRENT MINIMUM FLOOR PRICE. ANY TRADER WHO
15 COMMITS THE UNLAWFUL ACT SHALL BE PUNISHED BY
16 IMPRISONMENT OF NOT LESS THAN ONE (1) MONTH BUT
17 NOT MORE THAN SIX (6) MONTHS OR A FINE OF NOT LESS
18 THAN FIFTY THOUSAND PESOS (P50,000.00) BUT NOT MORE
19 THAN ONE HUNDRED THOUSAND PESOS (P100,000.00), OR
20 BOTH, AT THE DISCRETION OF THE COURT. IF THE
21 OFFENDER IS A CORPORATION OR ASSOCIATION, THE

1 PRESIDENT, MANAGER, MANAGING PARTNER OR ANY
2 OFFICER OR EMPLOYEE OF THE CORPORATION OR
3 ASSOCIATION WHO DIRECTLY PARTICIPATED IN THE
4 COMMISSION OF THE UNLAWFUL ACT SHALL BE HELD
5 LIABLE. THE BUSINESS PERMIT OF ANY TRADER AS WELL
6 AS THE CERTIFICATE OF REGISTRATION FOR CORPORATION
7 FOUND GUILTY OF THE UNLAWFUL ACT SHALL ALSO BE
8 REVOKED.

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

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

14 “SEC. 25-A. *TAX CREDIT TO TRADERS.* – THE
15 SECRETARY OF AGRICULTURE SHALL ENCOURAGE
16 TRADERS TO BUY AT THE MAXIMUM FLOOR PRICE OF THE
17 AGRICULTURAL PRODUCTS THROUGH A TAX CREDIT
18 SCHEME.

19 ANY TRADER WHO BUYS THE AGRICULTURAL
20 PRODUCTS OF FARMERS AT THE MAXIMUM FLOOR PRICE
21 OR A PRICE ABOVE THE MINIMUM BUT BELOW THE

1 MAXIMUM FLOOR PRICE IS ENTITLED TO A TAX CREDIT
2 EQUIVALENT TO THE DIFFERENCE BETWEEN THE
3 MAXIMUM AND MINIMUM FLOOR PRICE, OR BETWEEN THE
4 PRICE ABOVE THE MINIMUM BUT BELOW THE MAXIMUM
5 AND THE MINIMUM FLOOR PRICE. THE AMOUNT OF TAX
6 CREDIT, HOWEVER, SHALL BE COMPUTED BASED ON THE
7 MAXIMUM FLOOR PRICE EVEN IF THE TRADER PAYS MORE
8 THAN THE MAXIMUM FLOOR PRICE.”

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

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

21 SEC. 5. This Act shall take effect fifteen (15) days after its publication

1 in the *Official Gazette* or in a newspaper of general circulation.

2 Approved,