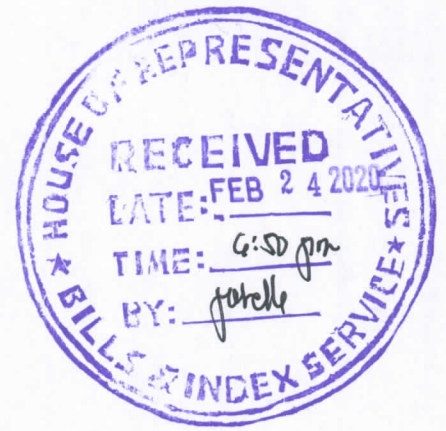


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6389



Introduced by **HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.**

EXPLANATORY NOTE

Ensuring crop and aquaculture productivity is not only essential to economic growth in the country's agricultural and fisheries sector but also key to sustaining food security.

Although pesticides and chemical fertilizers aid in enhancing crop production and protection from adverse weather conditions, harmful tradeoffs such as waterways pollution, chemical burns, increased air pollution, soil acidification and mineral depletion have also been scientifically observed and established.

Under Article II, Section 16 of the 1987 Constitution of the Republic of the Philippines, the State is mandated "to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature." Section 15 of the same article also mandates the State to "protect and promote the right to health of the people."

In a study published by the Japanese Association of Rural Medicine, data gathered from the National Poison Control and Management Center (NPCMC), the Philippine General Hospital, De La Salle Medical Center, and other hospitals, suggest that from 2006 to 2010, the number of pesticide poisoning cases, including mortality rates caused by pesticide poisoning has steadily risen. Pesticide exposure, work practices, and pesticide residues in the immediate environment were identified as common risk factors among these cases.

Similar hazards to public health and the environment have also been associated with chemical fertilizers. Runoffs and residues from these chemicals that contain nitrogen and phosphorus have been shown to create an overabundance of nutrients in waterways and soil water that reduces oxygen content. In the long run, chemical fertilizers deplete the soil's essential nutrients, vitamins, and mineral content making it less conducive for crop production. Data from the United States

Department of Agriculture Nutrient Data Laboratory (US-DANDL) demonstrate that food grown in chemically fertilized soils were found to have less magnesium, potassium, and calcium content.

Meanwhile, excessive fertilizer use has been documented to turn leaves yellow or brown, damaging the plant and reducing crop yield. In addition, the use of nitrogen in excess of what plants and crops can readily absorb during crop fertilization has been shown to contribute to the release of greenhouse gases such as carbon dioxide and nitrous oxide into the atmosphere.

In recent years, environmental taxation has become a key instrument of State authorities in reducing or even eliminating environmental and health hazards. Taxation creates incentives and disincentives for economic agents to change their behavior.

In the context of pesticides and chemical fertilizers, taxation will decrease market demand for these hazardous products. From an environmental point of view, a tax will be beneficial since it will eliminate the mismatch between market prices and social costs. An adjustment of this mismatch will lead to decreased production and consumption of the environmentally degrading product.

Under this law, an **Environmental Tax on Pesticides and Chemical Fertilizers (ETPCF)** shall be imposed equal to **three percent (3%) of the wholesale price per kilogram of the pesticides and chemical fertilizers** defined herein. The EPTCF shall cover domestic manufacturers and importers where pesticides and chemical fertilizers are sold for agriculture and other commercial purposes.

Through this "Pesticide Tax Act", the Philippine government will not only be fulfilling its constitutional mandate to promote the health of the people and the ecology and to regulate potential public hazards but will also be contributing to the growing global campaign towards a more mindful human relationship with the environment and its finite resources.

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



LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

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HOUSE BILL NO. 6389

Introduced by HON. LUIS RAYMUND "LRAY" F. VILLAFUERTE, JR.

**AN ACT IMPOSING ENVIRONMENTAL TAX ON PESTICIDES AND
CHEMICAL FERTILIZERS**

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

SECTION 1. Short Title. - This act shall be known as "*PESTICIDES AND
CHEMICAL FERTILIZERS TAX ACT*".

SECTION 2. Declaration of Policy – It is a declared policy that the State shall protect and promote the right to health of the people and instill health consciousness advancing a balanced and healthful ecology according to the rhythm and harmony of nature. The State shall also attain and maintain a balance between agri-economic development and environmental protection.

Thereby, the state shall promote means that will preserve a healthy environment not only for the present generation, but also for those to come — generations who should be inheriting a rejuvenated earth capable of sustaining life.

The right to a balanced and healthful ecology carries with it the correlative duty to refrain from impairing the environment.

SECTION 3. Definition of Terms. – For purposes of this Act, the following definitions shall apply to the following terms:

- a. **Active Substance** - are the chemical ingredients in pesticide products that shall include but not be limited to the following: *Acephate (2,4-D), Acid Copper Chromate, Alkaline Copper Quaternary, Arsenic, Bacillus thuringiensis (Bt), Bendiocarb, Bifenthrin, Boric Acid, Bromadiolone, Bis-(N-cyclohexyldiazoniumdioxycopper, Capsaicin, Captan, Carbaryl, Chlordane, Chlorpyrifos, Chromated Copper Arsenate, Chromium, Copper Azole, Copper Sulfate, Creosote, Cyproconazole, Cyfluthrin, D-phentorin, DDT, DEET, Deltamethrin, Diatomaceous earth, Diazinon, Dicamba, Fipronil, Glyphosate, Hexaflumuron, Hydramethylnon, Hydroprene, Imidacloprid, Iron Phosphate, Lambda-cyhalothrin, Malathion, Methoprene, Methyl bromide, MGK-264, Naled, Napthalene, Paradichlorobenzene, Pentachlorophenol, Permethrin, Picardin, Piperonyl Butoxide, Potassium, Propiconazole, Pyrethrins, Pyriproxyfen, Resmethrin, Spinosad, Sulfur, Sulfuryl Flouride, Triclopyr, Zinc Phosphide, Zinc Sulfate.*
- b. **Active ingredient** - are the chemical substance in chemical fertilizers that shall include but not be limited to the following: *Nitrogen, Urea, Ammonium sulphate, Ammonium Chloride, Calcium Ammonium Nitrate, Phosphorus, Singlesuper phosphate, Triplesuper phosphate, Potassium, Calcium, Sulfur, Iron, Manganese, Zinc, Boron and Molybdenum.*
- c. **Chemical Fertilizers** - are compounds containing high concentration of nutrients required for plant growth applied in the soil. It is classified as *Nitrogenous fertilizers, Phosphatic fertilizers and Complex and mixed fertilizers*

- d. **Pesticides** - are substances that prevent, destroy, repel, or reduce the severity of pests. Pesticides include: *Algicides, Antifouling, Fungicides, Fumigants, Herbicides, Insecticides, Molluscicides, Nematicides and Rodenticides*
- e. **Domestic Manufacturers and Importers** - any person or group of persons engaged in manufacturing and importation of pesticides and chemical fertilizers
- f. **Organic** - this law shall adopt the definition provided for under Republic Act No. 10068 **"Organic Agriculture Act of 2010"** to wit:

"Organic refers to the particular farming and processing system, described in the standards and not in the classical chemical sense. The term "organic" is synonymous in other languages to "biological" or "ecological". It is also a labeling term that denotes products considered organic based on the Philippine National Standards for organic agriculture."

- g. **Organic Agriculture** - this law shall adopt the definition provided for under Republic Act No. 10068 **"Organic Agriculture Act of 2010"** to wit:

"Organic agriculture includes all agricultural systems that promote the ecologically sound, socially acceptable, economically viable and technically feasible production of food and fibers. Organic agricultural dramatically reduces external inputs by refraining from the use of chemical fertilizers, pesticides and pharmaceuticals. It also covers areas such as, but not limited to, soil fertility management, varietal breeding and selection under chemical and pesticide-free conditions, the use of biotechnology and other cultural practices that are consistent with the principles and policies of this Act, and enhance productivity without destroying the soil and harming

farmers, consumers and the environment as defined by the International Federation of Organic Agricultural Movement (IFOAM): Provided, That the biotechnology herein to shall not include genetically modified organisms of GMOs."

- h. **Organic/Compost Fertilizers** - are fertilizers derived from animal matter, animal excreta (manure), human excreta and vegetable matter.
- i. **Organic Pesticides** - are pesticides made from naturally occurring substances or self-made mixtures.

SECTION 4. Amount of Environmental Tax – The amount of **Environmental Tax on Pesticides and Chemical Fertilizers (ETPCF)** shall be equal to 3% of the wholesale price per kilogram of any of the pesticides and chemical fertilizers mentioned under Section 3 paragraphs c and d of this Act containing any of the active substance and ingredient included in the enumeration provided for in Section 3 paragraphs a and b. The following formula shall be used for computing the tax:

$$\text{ETPCF} = 3\% \text{ of wholesale price per kilogram} \times \text{total kilogram of pesticides and chemical fertilizer sold}$$

SECTION 5. Coverage and Fees – ETPCF shall be imposed on the domestic manufacturers and importers where pesticides and chemical fertilizers are sold for agriculture and other commercial purposes.

SECTION 6. Exemptions - This Act shall exempt:

- a. any person or group of persons that are engaged in organic agriculture;
- b. any domestic manufacturers and importers of organic pesticides and organic fertilizers.

SECTION 7. Disposition of Revenues Collected– All revenues collected under this Act shall be earmarked solely and used exclusively for the following purposes:

- a. Providing programs to assist agricultural workers in transitioning to organic agriculture and production systems.
- b. Providing effective rural productivity enhancement programs.
- c. Improving resiliency of agricultural infrastructures.
- d. Investing on wildlife conservation.
- e. Environmental and health programs of the government.

SECTION 8. Implementing Rules and Regulations – The Department of Finance (DoF) in coordination with Department of Agriculture (DA), the Fertilizer and Pesticide Authority (FPA) under the Office of the President (OP), the Department of Environment and Natural Resources (DENR) and Department of Budget and Management (DBM) shall promulgate not later than thirty (30) days upon the effectivity of this Act the necessary rules and regulations for its effective implementation.

SECTION 9. Separability Clause - If any section or part of this Act is unconstitutional or invalid, the other sections or provisions no other affected shall remain in full force and effect.

SECTION 10. Repealing Clause - All laws, decrees, executive orders, rules and regulations, issuances are any part thereof inconsistent with the provisions are hereby repealed, amended or modified accordingly.

SECTION 11. Effectivity – This act shall take effect fifteen (15) days after publication either in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved.