



REPUBLIC OF THE PHILIPPINES
Senate
Pasay City

Journal

SESSION NO. 40
Monday, December 16, 2019

**EIGHTEENTH CONGRESS
FIRST REGULAR SESSION**

SESSION NO. 40
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CALL TO ORDER

At 3:00 p.m., the Senate President, Hon. Vicente C. Sotto III, called the session to order.

PRAYER

Sen. Grace Poe led the prayer, to wit:

Panginoon ng sanlibutan, walang hanggang pasasalamat sa lahat ng Inyong pagpapala sa aming bayan:

Sa pagiging pangkalahatang kampeon sa SEA Games, at sa pagpapamalas, hindi lamang ng galing at kahusayan, kung hindi lalo na ng kabayanihan at pagiging patas sa lahat ng oras;

Sa pagsapit ng isa na namang Pasko na ipinagdiriwang nang may saya sa kabilang lahat ng problema; at

Sa pagbibigay sa amin ng pag-asaya na maisaayos ang aming bansa.

Panginoon, gawin Ninyo kaming sambayanan na puno ng pasasalamat ang puso sa lahat ng biyayang ipinakaloob Ninyo.

Amen.

NATIONAL ANTHEM

The Senate Choir led the singing of the national anthem.

ROLL CALL

Upon direction of the Senate President, the Secretary of the Senate, Atty. Myra Marie D. Villarica, called the roll, to which the following senators responded:

Angara, S.	Pacquiao, E. M. D.
Drilon, F. M.	Pimentel III, A. K.
Gatchalian, W.	Poe, G.
Go, C. L. T.	Sotto III, V. C.
Hontiveros, R.	Tolentino, F. T. N.
Lacson, P. M.	Villanueva, J.
Lapid, M. L. M.	Villar, C. A.
Marcos, I. R.	Zubiri, J. M. F.

With 16 senators present, the Chair declared the presence of a quorum.

Senators Binay, Cayetano, Dela Rosa, Gordon, Pangilinan and Recto arrived after the roll call.

Senator Revilla was on an official mission abroad from December 11 to 24, 2019, "to meet and consult



with the members of the Filipino community based in the United States of America,” as stated in the letter of Senate President Sotto to Secretary Locsin of the Department of Foreign Affairs dated November 11, 2019.

Senator De Lima was unable to attend the session as she was under detention.

MANIFESTATION OF SENATOR LACSON

At this juncture, Senator Lacson stated that he was absent during the resumption of session last Wednesday when the bicameral conference committee report was ratified in plenary. Relative thereto, he asked how his vote on the measure was recorded. Senate President Sotto replied that no vote was recorded.

Senator Lacson manifested for the record that he would have dissented because for one, no annex was sent to him and that the only thing he had at that time was a USB from the House of Representatives through the LBRMO which contained two files: one source file and one list file.

He disclosed that upon examining both files, the source file has 1,253 line items worth P83.219 billion and the list file has 742 line items worth P16.345 billion. Scrutinizing further, he said that his office found some questionable items such as the item that carried an appropriation of P50 million for “asphalt overlay of Catbalogan City.” He then asked what the difference was between the post-enactment identification of projects that the Supreme Court in 2013 declared as unconstitutional and the list of projects that surfaced during the signing of the report, projects that were simply described as, for instance, “asphalt overlay of Catbalogan City” with a P50 million appropriation; “reconstruction/rehabilitation of road — Balayan, Batangas”; “reconstruction/rehabilitation of road — Nasugbu, Batangas”; and “reconstruction/rehabilitation of road — Lemery, Batangas.” He noted that as described, there was no project identification at all, and no one would know how the P50 million would be spent and which portion of the roads would be rehabilitated or reconstructed.

He recalled that much time were spent in deliberating the 2020 budget measure both on the committee level and on the floor, enabling the Body to correct items under the DPWH budget and allowing the DPWH to submit errata because the agency at

that time admitted to have submitted lump-sum appropriations. He lamented that after countless hours and debating on the measure, he would later find out that the same items resurfaced during the signing of the bicameral report.

He said that he would have dissented in the ratification of the bicameral report also because the bicameral report contained nothing except the summary of increases and decreases and that the Senate has not yet received the annexes of the details of the line items.

He also called the attention of the Body to the other items like flood control projects each worth in round figure P60 million and he feared a repetition of the experience in the previous year wherein the Senate President had to write the President of the Philippines to disown several items that were included after the bicameral report had been ratified.

He noted that with two files of items worth P83.2 billion and P16.345 billion, respectively, there was no way of ascertaining which file was inserted because per information, even the concerned agency was not even sure of the items that were not described properly or not given proper details.

As this juncture, Senator Lacson showed a one-minute video clip containing several footages that emphasized the disconnect between the needs and the priorities of the local government units and what were reflected in the national budget.

He maintained that it was not proper for him to sign a bicameral report or even vote in favor of its ratification after seeing items like P30 million for construction of a bridge that he does not even know where.

REFERRAL OF MANIFESTATION TO COMMITTEE

Taking note of Senator Lacson’s manifestation, Senate President Sotto referred the manifestation to the Committee on Finance. He suggested that Senator Lacson send a communication to the Office of the Senate President through the chairman of the Finance Committee containing the items that he mentioned and all the points that he raised so that they could at the proper time discuss them with the Executive Secretary.



Senator Lacson explained that the list was not yet final and that the formal list of items has not been submitted yet, adding that he would not even know if the list amounted to only P16 billion or P83.2 billion.

Senate President Sotto stated that he would await the proper documents to be submitted first to his office before he could act accordingly.

MANIFESTATION OF SENATOR ANGARA

At this juncture, Senator Angara believed that with the interventions of Senator Lacson, the Senate, through the Committee on Finance, has made significant improvements in the budgeting system in terms of specificity of projects and eliminating chances for duplication for a lot of multiple projects. He said that he was informed by the LBRMO that there was a final list that had been submitted by the House and which would be included in the printing of the enrolled copy of the proposed national budget so that it could be submitted to the President for signature in a week's time as requested by the Executive department.

Senate President Sotto reiterated that he would await the list mentioned and asked that Senator Lacson be furnished with a copy as well.

Senator Angara said that the final list was in USB and that he would comply with the suggestion of Senate President Sotto to furnish Senator Lacson with a copy of the said list.

APPROVAL OF THE JOURNAL

Upon motion of Senator Zubiri, there being no objection, the Body dispensed with the reading of the Journal of Session No. 39 (December 10 and 11, 2019) and considered it approved.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Zubiri acknowledged the presence in the gallery of the following guests:

- Gov. Yshmael I. Sali and Board Member Atty. Jet Lim of Tawi-tawi;
- Charly Suarez, SEA Games gold medalist for boxing;
- Delfin Buhos, SEA Games boxing coach;
- Nathaniel Aban Sanchez and Kaizen dela Serna,

SEA Games gold medalists for obstacle course race;

- Ten Outstanding Young Men awardees for 2019: Reynaldo Abellana, Ziaur-Rahman Adiong, Alfonso Tomas Araullo, Casiano Choresca Jr., Dino Carlo Chua, Gerardo Francisco Jr., Marc Paul Lopez, Aisa Mejino and Alfredo Paulo Vargas; and
- Ten Outstanding Young Men Selection Committee members Nancy Salcedo, Raymond Salazar, Rhea Peria, Lei Cruz and Lea Balen.

Senate President Sotto welcomed the guests to the Senate.

APPROVAL OF SENATE BILL NO. 1055 ON THIRD READING

Upon motion of Senator Zubiri, there being no objection, the Body considered, on Third Reading, Senate Bill No. 1055, printed copies of which were distributed to the senators on December 11, 2019.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, upon motion of Senator Zubiri, there being no objection, Secretary Villarica read only the title of the bill, to wit:

AN ACT ESTABLISHING A SEPARATE FACILITY FOR PRISONERS CON- VICTED OF HEINOUS CRIMES.

Secretary Villarica called the roll for nominal voting.

RESULT OF THE VOTING

The result of the voting was as follows:

In favor

Angara	Pacquiao
Cayetano	Pangilinan
Dela Rosa	Pimentel
Drilon	Poe
Gatchalian	Recto
Go	Sotto
Gordon	Tolentino
Hontiveros	Villanueva
Lacson	Villar
Lapid	Zubiri
Marcos	

100
101

Against

None

Abstention

None

With 21 senators voting in favor, none against, and no abstention, the Chair declared Senate Bill No. 1055 approved on Third Reading.

PROPOSED SENATE RESOLUTION NO. 271

With the permission of the Body, upon motion of Senator Zubiri, the Body considered Proposed Senate Resolution No. 271, entitled

RESOLUTION CONGRATULATING AND COMMENDING THE TEN OUTSTANDING YOUNG MEN OF THE PHILIPPINES AWARDEES FOR 2019.

With the permission of the Body, only the title of the resolution was read without prejudice to the insertion of its full text into the Record of the Senate.

SPONSORSHIP SPEECH OF SENATOR HONTIVEROS

Senator Hontiveros said that she was deeply honored to sponsor Proposed Senate Resolution No. 271, congratulating and commending the Ten Outstanding Young Men of the Philippines awardees for 2019.

The full text of Senator Hontiveros' sponsorship speech follows:

For decades, the Philippine Jaycees, supported by the TOYM Foundation and the Gerry Roxas Foundation, seeks to honor and recognize Filipino women and men whose dedication to their profession and commitment to excellence help plant seeds of change in the country and inspire their fellow Filipinos.

This year's roster of awardees continues this tradition. I am very proud, first, to have judged this year's competition and, second, to welcome to the Senate the following extraordinary Filipinos:

- Reynaldo Abellana, who helped spread the love of classical music and orchestra among Cebuano youth by organizing the Cebu

Classic Orchestra in 2011, which was later renamed to the Cebu Symphony Orchestra and the Cebu Philharmonic Orchestra with him as president and conductor;

- Ziaur-Rahman "Zia" Alonto Adiong, who was recently appointed as a Parliament Member of the Bangsamoro Transition Authority, and who was previously an Assemblyman of the ARMM responsible for shepherding a number of important legislation for the Moro people;
- Alfonso Tomas "Atom" Araullo, a known face in broadcast journalism who rose to prominence following his sharp, incisive coverage of Typhoon *Haiyan* and its effects, and who was appointed this year as a goodwill ambassador of the United Nations High Commissioner for Refugees;
- Casiano Choresca, a scientist in the field of fisheries and aquaculture, who turned down lucrative opportunities overseas to support the Philippines fisheries sector by promoting and spearheading research on aquaculture and fisheries biotechnology;
- Dino Carlo Chua, an entrepreneur in the field of business tourism, whose business ventures in the tourism industry – including hotels, escorts and even an airline – have helped promote Philippine tourism and created jobs for Filipinos;
- Glenn Fernandez, a youth advocate and disaster risk reduction expert, who engages and encourages young people to be more active in environmental and climate issues and who is the youngest section editor of *Progress in Disaster Science Journal* by Elsevier;
- Gerardo Francisco Jr., who broke stereotypes by proving that the world of dance and choreography is not limited to women, and who represents the country in the world's top dancing competitions, including the 10th International Ballet Competition and Contest of Choreographers in Moscow where he finished in the semifinals;
- Dr. Marc Paul Lopez, a colorectal surgeon at the Philippine General Hospital whose research work on end-stage colon and rectal cancer made significant contributions to treatment and palliative care for colorectal patients in the Philippines;
- Aisa Mejino, an engineer whose social enterprise called SALt developed a metal-air based lighting technology that provides



lighting to underprivileged communities through renewable energy, proving yet again that female scientists can blaze trails for social change; and

- Representative Alfredo Paolo Vargas, an actor-public servant who pushed for people-centered ordinances in Quezon City when he was a councilor, and progressive legislation as a representative at the House of Representatives.

To our 2019 awardees, the theme of the 2019 awards is “Celebrating Excellence, Inspiring Filipinos.” The Senate celebrates you today – your efforts, your excellence, your leadership. With this achievement comes the expectation that you will continue your good work for this country we love.

Hindi sapat na maging magaling sa ating kanya-kanyang mga larangan. Kailangang maging inspirasyon para sa nakararami, at magtanim ng mga binihi ng pagbabago tungo sa lipunang pangarap.

Maraming salamat po. Mabuhay po kayong lahat, ating mga honorees. Mabuhay si Inang Bayan.

ADOPTION OF PROPOSED SENATE RESOLUTION NO. 271

Upon motion of Senator Zubiri, there being no objection, Proposed Senate Resolution No. 271 was adopted by the Body, subject to style.

COAUTHORS

Upon motion of Senator Zubiri, there being no objection, all senators were made coauthors of Proposed Senate Resolution No. 271.

SUSPENSION OF SESSION

Upon motion of Senator Zubiri, the session was suspended.

It was 3:27 p.m.

RESUMPTION OF SESSION

At 5:37 p.m., the session was resumed.

REFERENCE OF BUSINESS

The Secretary of the Senate read the following

matters and the Chair made the corresponding referrals:

BILLS ON FIRST READING

Senate Bill No. 1229, entitled

AN ACT DECLARING NOVEMBER 8 OF EVERY YEAR A SPECIAL NON-WORKING PUBLIC HOLIDAY IN THE EASTERN VISAYAS REGION TO BE KNOWN AS THE “YOLANDA COMMEMORATION DAY”

Introduced by Senator Angara

To the Committee on Local Government

Senate Bill No. 1230, entitled

AN ACT EXPANDING THE GROUNDS FOR LEGAL SEPARATION, AMENDING FOR THIS PURPOSE CERTAIN PROVISIONS OF EXECUTIVE ORDER NO. 209 OR THE “FAMILY CODE OF THE PHILIPPINES,” AND FOR OTHER PURPOSES

Introduced by Senator Marcos

To the Committee on Women, Children, Family Relations and Gender Equality

Senate Bill No. 1231, entitled

AN ACT STRENGTHENING PUBLIC-PRIVATE PARTNERSHIPS

Introduced by Senator Marcos

To the Committees on Public Works; Economic Affairs; Ways and Means; and Finance

Senate Bill No. 1232, entitled

AN ACT ESTABLISHING THE AUTONOMOUS REGION OF THE CORDILLERA

Introduced by Senator Zubiri

To the Committees on Local Government; Electoral Reforms and People’s Participation; Ways and Means; and Finance

10 44

Senate Bill No. 1234, entitled

AN ACT REIMPOSING DEATH PENALTY ON CERTAIN HEINOUS CRIMES UNDER REPUBLIC ACT NO. 7659, PROVIDING FOR ADDITIONAL QUALIFICATIONS, AMENDING FOR THAT PURPOSE THE REVISED PENAL CODE, AS AMENDED, OTHER SPECIAL LAWS, AND FOR OTHER PURPOSES

Introduced by Senator Marcos

To the Committees on Justice and Human Rights; and Constitutional Amendments and Revision Of Codes

Senate Bill No. 1235, entitled

AN ACT ESTABLISHING THE PHILIPPINE BROADCASTING CORPORATION, ABOLISHING THE PEOPLE'S TELEVISION NETWORK, INC. AND THE PHILIPPINE BROADCASTING SERVICE, AND FOR OTHER PURPOSES

Introduced by Senator Marcos

To the Committees on Public Services; Government Corporations and Public Enterprises; Ways and Means; and Finance

RESOLUTIONS

Proposed Senate Resolution No. 266, entitled

RESOLUTION CONGRATULATING AND COMMENDING ALL THE ATHLETES, COACHES, TRAINORS AND MEDALISTS WHO REPRESENTED THE PHILIPPINES IN THE 30TH SOUTHEAST ASIAN GAMES HELD IN THE PHILIPPINES FROM NOVEMBER 30 TO DECEMBER 11, 2019 AND URGING THE PHILIPPINE GOVERNMENT TO EXPEDITE THE RELEASE OF THE CASH INCENTIVES FOR ATHLETES AND COACHES AS PROVIDED FOR IN SECTIONS 8 AND 9 OF REPUBLIC ACT NO. 10699, OTHERWISE KNOWN AS THE "NATIONAL

ATHLETES AND COACHES BENEFITS AND INCENTIVES ACT"

Introduced by Senator Recto

To the Committee on Rules

Proposed Senate Resolution No. 267, entitled

RESOLUTION URGING THE APPROPRIATE SENATE COMMITTEE TO INQUIRE, IN AID OF LEGISLATION, THE PROGRAMS OF THE DEPARTMENT OF EDUCATION SPECIFICALLY ADDRESSED TO IMPROVE FUNCTIONAL LITERACY AND COMPREHENSION IN THE BASIC EDUCATION, IN LIGHT OF THE RECENT RESULTS OF THE PROGRAMME FOR INTERNATIONAL STUDENT ASSESSMENT (PISA), IN ORDER TO FORMULATE THE APPROPRIATE LEGISLATIVE ACTION AND DETERMINE BUDGETARY INTERVENTIONS IN SUPPORT OF THE EFFORT TO RAISE THE QUALITY OF BASIC EDUCATION IN THE COUNTRY

Introduced by Senator Marcos

To the Committees on Basic Education, Arts and Culture; and Finance

Proposed Senate Resolution No. No. 268, entitled

A RESOLUTION HONORING AND COMMENDING THE PHILIPPINE WEIGHTLIFTING TEAM FOR GARNERING TWO GOLD MEDALS IN THE 30TH SOUTHEAST ASIAN (SEA) GAMES

Introduced by Senator Pacquiao

To the Committee on Rules

Proposed Senate Resolution No. 269, entitled

A RESOLUTION HONORING AND COMMENDING THE PHILIPPINE WUSHU TEAM FOR WINNING 7 GOLD MEDALS IN THE 30TH SOUTHEAST ASIAN (SEA) GAMES



Introduced by Senator Pacquiao

To the Committee on Rules

Proposed Senate Resolution No. 270, entitled

RESOLUTION CONGRATULATING AND COMMENDING PUENTESPINA FARMS, PRODUCER OF THE MULTI-AWARDED MALAGOS CHOCOLATE FOR BEING DESIGNATED AS HEIRLOOM PRODUCER OF QUALITY CACAO BEANS BY THE HEIRLOOM CACAO PRESERVATION FUND IN PARTNERSHIP WITH THE FINE CHOCOLATE INDUSTRY ASSOCIATION AND UNITED STATES DEPARTMENT OF AGRICULTURE

Introduced by Senator Binay

To the Committee on Rules

Proposed Senate Resolution No. 271, entitled

RESOLUTION CONGRATULATING AND COMMENDING THE TEN OUTSTANDING YOUNG MEN (TOYM) OF THE PHILIPPINES AWARDEES FOR 2019

Introduced by Senator Hontiveros

To the Committee on Rules

COMMITTEE REPORT

Committee Report No. 30, prepared and submitted jointly by the Committees on Labor, Employment and Human Resources Development; and Foreign Relations, on Senate Bill No. 1233, with Senators Dela Rosa, Binay, and Villanueva as authors thereof, entitled

AN ACT EXPANDING THE USE OF THE LEGAL ASSISTANCE FUND, AMENDING FOR THE PURPOSE SECTION 26 OF REPUBLIC ACT NO. 8042, AS AMENDED, OTHERWISE KNOWN AS THE MIGRANT WORKERS AND OVERSEAS FILIPINOS ACT OF 1995,

recommending its approval in substitution of Senate Bill No. 230 and 872.

Sponsor: Senator Villanueva

To the Calendar for Ordinary Business

ADDITIONAL REFERENCE OF BUSINESS

MESSAGES FROM THE HOUSE OF REPRESENTATIVES

Letter from the House of Representatives, informing the Senate that on 11 December 2019, the House of Representatives designated Representatives Zamora, Salo and Yap, as its additional conferees to the Bicameral Conference Committee, on the disagreeing votes on House Bill No. 4228, entitled

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND AND TWENTY, AND FOR OTHER PURPOSES.

To the Archives

Letter from the House of Representatives, informing the Senate that on 11 December 2019, the House of Representatives ratified the Conference Committee Report, on the disagreeing votes on House Bill No. 4228, entitled

AN ACT APPROPRIATING FUNDS FOR THE OPERATION OF THE GOVERNMENT OF THE REPUBLIC OF THE PHILIPPINES FROM JANUARY ONE TO DECEMBER THIRTY-ONE, TWO THOUSAND AND TWENTY, AND FOR OTHER PURPOSES.

To the Archives

BILLS ON FIRST READING

Senate Bill No. 1236, entitled

AN ACT PROVIDING COMPREHENSIVE RENAL REPLACEMENT THERAPY FOR PATIENTS WITH



END STAGE RENAL DISEASE,
APPROPRIATING FUNDS THEREFOR
AND FOR OTHER PURPOSES

Introduced by Senator Dela Rosa

To the Committees on Health and Demography; and Finance

Senate Bill No. 1237, entitled

AN ACT CREATING THE PHILIPPINE JUDICIAL MARSHAL SERVICE DEFINING ITS FUNCTIONS AND POWERS, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES

Introduced by Senator Dela Rosa

To the Committees on Justice and Human Rights; and Finance

RESOLUTIONS

Proposed Senate Resolution No. 272, entitled

RESOLUTION URGING THE DEPARTMENT OF BUDGET AND MANAGEMENT TO AUTHORIZE LOCAL GOVERNMENT UNITS TO PROVIDE CHRISTMAS INCENTIVES TO JOB ORDER AND CONTRACT OF SERVICE WORKERS, BY UTILIZING LOCAL FUNDS

Introduced by Senator Tolentino

To the Committees on Finance; and Local Government

Proposed Senate Resolution No. 273, entitled

RESOLUTION RECOGNIZING AND CONGRATULATING THE PHILIPPINE CONTINGENT FOR ITS OUTSTANDING PERFORMANCE IN THE 2019 SOUTHEAST ASIAN GAMES

Introduced by Senator Villanueva

To the Committee on Rules

Proposed Senate Resolution No. 274, entitled

RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INVESTIGATION, IN AID OF LEGISLATION, ON THE REPORTED ORGANIZATIONAL AND ADMINISTRATIVE PROBLEMS AND POSSIBLE CORRUPTION THAT AFFECTED OUR COUNTRY'S HOSTING OF THE RECENTLY CONCLUDED 2019 SOUTHEAST ASIAN GAMES

Introduced by Senator De Lima

To the Committees on Accountability of Public Officers and Investigations; and Sports

Proposed Senate Resolution No. 275, entitled

RESOLUTION DIRECTING THE APPROPRIATE SENATE COMMITTEE TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, INTO THE SAFE PHILIPPINES PROJECT PHASE 1, WITH THE END IN VIEW OF PROTECTING NATIONAL SECURITY, GUARANTEEING THAT STATE SECRETS ARE SAFEGUARDED, AND ENSURING THAT THE RIGHT TO PRIVACY OF THE PEOPLE IS UPHELD AND SECURED

Introduced by Senator De Lima

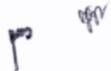
To the Committees on Science and Technology; and Justice and Human Rights

Proposed Senate Resolution No. 276, entitled

RESOLUTION RECOGNIZING THE INVALUABLE CONTRIBUTION OF SENATOR CYNTHIA A. VILLAR FOR THE RENOVATION OF THE PUBLIC ASSISTANCE CENTER OF THE SENATE OF THE PHILIPPINES

Introduced by Senator Sotto III

To the Committee on Rules



INQUIRY OF THE CHAIR

Senate President Sotto inquired if the Anti-Terrorism bill would be tackled later on. Senator Zubiri answered in the affirmative, saying that Senator Drilon has confirmed that he was ready to interpellate on the measure. He suggested, however, that the salary standardization measure be taken up first. He also stated that the President had requested the passage of the anti-terrorism measure since martial law in Mindanao would no longer be extended.

Senate President Sotto said that the Executive Department would be informed that there was no need to extend martial law because of the expected passage of the Anti-Terrorism Act.

COMMITTEE REPORT NO. 26 ON SENATE BILL NO. 1219

(Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, Senate Bill No. 1219 (Committee Report No. 26), entitled

AN ACT MODIFYING THE SALARY SCHEDULE FOR CIVILIAN GOVERNMENT PERSONNEL AND AUTHORIZING THE GRANT OF ADDITIONAL BENEFITS, AND FOR OTHER PURPOSES.

Senator Zubiri stated that the parliamentary status was still the period of interpellations.

Thereupon, the Chair recognized Senator Angara to sponsor the measure, and Senator Drilon for his interpellation.

INTERPELLATION OF SENATOR DRILON

Asked by Senator Drilon if the bill was a priority measure, Senator Angara answered in the affirmative, stating that it had, in fact, been certified as urgent by the President, and that he was told the House of Representatives has a counterpart bill undergoing interpellations.

As regards the proposed Salary Standardization Law itself, Senator Angara stated that the bill would be the fifth salary standardization law which would cover four tranches. He said that the first tranche of

the Salary Standardization Law 4 (SSL IV) currently enjoyed by the bureaucracy, was granted in 2016 and the last tranche ended this year 2019.

Asked how much it cost the government to implement SSL IV, Senator Angara stated that the total cost of SSL IV was P150 billion over four years, or an average of around P37.5 billion per year, or a 3.25% increase in the total budget for Personal Services (PS) spent in 2019.

Senator Angara also confirmed that the first tranche of the proposed SSL V would be funded under the 2020 GAA, specifically P31.1 billion lodged in the Miscellaneous Personnel Benefits Fund (MPBF).

Relative thereto, Senator Drilon inquired on the total budget for PS without the MPBF to determine the percentage increase in the budget. He explained that when he handled the budget, a rule of thumb that he followed was that the PS is one-third of the total budget; the other third for the IRA; and the other third for debt service. He asked if the formula was still valid. Senator Angara stated that the proposed increase of P31.1 billion is approximately 2.5% of PS for 2020 which is P1.225 trillion.

Asked how much the employees belonging to Salary Grade I, Step 1 are currently receiving, Senator Angara replied that currently they are receiving P11,068 per month which would be increased to P11,551 or a difference of P483 a month increase. He said that in terms of percentages, the lowest salary grade employee would be getting at least a 4.18% increase, which is projected to increase to about P13,000 after the last year of implementation of the SSL, or a projected 17.5% increase.

On whether the 4.1% increase was enough to cover inflation, Senator Angara believed that the 4.1% increase would be enough since the projected inflation is 2.5% to 3%.

Asked by Senator Drilon on the percentage increase for those in Salary Grade 10, Senator Angara said that currently, those in Salary Grade 10 are receiving P19,233 which would go up to P20,219, a P986 increase or P7% in the first year of implementation of the proposed law.

Senator Drilon noted that as the salary grade goes higher, the increases in terms of percentage



also go higher; for instance, in Salary Grade 1, there was an increase of 4% while on Salary Grade 10, there was an increase of 5%.

Senator Angara clarified that the increase gets bigger in the middle ranges: for Salary Grades 1 to 9, there is a range of 17% to 18% increase in over four years, which is about 4% to 5% per year; for Salary Grades 10 to 15, the percentage increase ranges from 19% to 30%; for Salary Grades 16, 17 and onwards, the percentage increase ranges from around 16% to 18% over four years.

To Senator Drilon's observation that there was a deliberate bias to grant a higher increase to those who are in the middle level, Senator Angara agreed, pointing out that in the SSL IV, the focus was on higher level executives while the proposed SSL V was more focused on the middle level rank-and-file personnel because majority of the government employees are clustered in this salary grade range. He said that salary increases for those in Salary Grades 22 to 23 are smaller, or in single-digit percentage.

Asked why the bias for government employees belonging to Salary Grades 10 to 16, Senator Angara said that they are the salary grades covering teachers and other professionals such as engineers, cashiers, geologists, and nurses.

Senator Drilon said that according to the case of *Ang Nars* Partylist, the entry level of nurses should be at Salary Grade 15. As regards the current salary grade of nurses, Senator Angara said that they are currently in Salary Grade 11. Senator Drilon stated that Salary Grade 11 was fixed during the term of former President Arroyo but the Supreme Court declared it to be an invalid reduction of salary, that was why Congress appropriated P3 billion in the 2020 budget in order to address the discrepancy.

Asked whether entry-level nurses would revert to Salary Grade 11, Senator Angara explained that beginning in 2020, entry-level nurses would be at Salary Grade 15 with a basic salary of P32,053, from Salary Grade 11 at P20,745, translating to an increase of over P11,000. He affirmed that the P3 billion previously appropriated for the nurses would be outside the appropriation for the SSL.

As to the factors considered in the salary increase, Senator Angara stated that those factors include the amount of salary being received by

private sector equivalents, the need to attract licensed professionals into the civil service, and to provide a more attractive entry rate.

Asked by Senator Drilon on the entry-level for teachers, Senator Angara said that presently, they are at Salary Grade 11 with a salary of P20,754 a month which, under the proposed SSL V, would become P22,316 in 2020.

Commenting on Senator Angara's statement earlier that the government teacher's position has become more competitive compared to the private sector, Senator Drilon pointed out that private schools, in fact, have been complaining about the higher salary of public school teachers, the very reason they have been losing their teachers to the public sector. He expressed concern that the problem would become more serious once the SSL V is enacted. Senator Angara agreed on the possibility that there would be migration of teachers to the public schools because of the more generous compensation.

Senator Drilon said that the Constitution prohibits members of Congress, the President and Vice President to be entitled to salary increases enacted during their terms of office. He asked whether the present senators who worked on the bill, the President and Vice President would be entitled to the salary increases. Senator Angara replied in the negative. He said that it would be the newly-elected members of the Nineteenth Congress who would be enjoying the salary increases.

Senator Drilon put on record that members of the Legislature during whose term the increases were granted would not be entitled to the increases in the specified four tranches which would begin on January 1, 2020 until January 1, 2023.

TERMINATION OF THE PERIOD OF INTERPELLATIONS.

There being no further interpellation, upon motion of Senator Zubiri, there being no objection, the Body closed the period of interpellations and proceeded to the period of individual amendments, Senate Bill No. 1219 being a substitute bill.

ANGARA AMENDMENTS

As proposed by Senator Angara, there being no objection, the Body approved the following amendments, one after another:



1. On page 4, Salary Grade 9, First Tranche, to change the amounts of Steps 1 to 8, as indicated herein:

from

9	18,763	18,920	19,078	19,238	19,399	19,561	19,725	19,890
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to

9	18,784	18,941	19,100	19,259	19,420	19,582	19,746	19,911
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Asked by Senator Drilon for the reason in changing the rates, Senator Angara explained that the DBM was to make the government pay for Salary Grade 9 at par with the market median to reach 90% of the private sector, from 89% at present.

2. On page 6, Salary Grade 9, Second Tranche, to change the amounts of Steps 1 to 8, as indicated herein:

from

9	19,552	19,715	19,880	20,046	20,214	20,382	20,553	20,725
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to

9	19,593	19,757	19,922	20,089	20,257	20,426	20,597	20,769
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3. On page 8, Salary Grade 9, Third Tranche, to change the amounts of Steps 1 to 8, as indicated herein:

from

9	20,340	20,509	19,681	20,854	21,029	21,204	21,382	21,561
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to

9	20,402	20,572	20,745	20,918	21,093	21,269	21,447	21,626
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4. On page 9, Salary Grade 9, Fourth Tranche, to change the amounts of Steps 1 to 8, as indicated herein:

from

9	21,129	21,304	21,483	21,663	21,844	22,026	22,210	22,396
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to

9	21,211	21,388	21,567	21,747	21,929	22,112	22,297	22,483
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PROPOSED AMENDMENT OF SENATOR DRILON

Noting that the bill increases the salary of the lowest ranked employee by only 4.18%, Senator Drilon proposed to increase by 5% across the board each salary grade and for each step because anyway as pointed out earlier by Senator Angara, the total increase was 31.1% or 2.5% of the total PS of P1.225 trillion.

SUSPENSION OF SESSION

Upon motion of Senator Angara, the session was suspended.

It was 6:20 p.m.

RESUMPTION OF SESSION

At 6:44 p.m., the session was resumed.

MANIFESTATION OF SENATOR ANGARA

Senator Angara said that Senator Drilon has a pending motion to raise by 5% across the board the salaries of civil servants which, according to the DBM, would significantly increase the cost by around P10 billion in the first year, double that amount in the second year, and triple in the third year. He said that he could not accept such proposal, however well-intentioned it was.

Senator Drilon then asked for a vote on his proposal.

SUSPENSION OF SESSION

Upon motion of Senator Zubiri, the session was suspended.

It was 6:45 p.m.

RESUMPTION OF SESSION

At 6:58 p.m., the session was resumed.

MANIFESTATION OF SENATOR LACSON

Senator Lacson noted that the P10-billion incremental increase — from P31 billion to P41 billion — would translate to a net percentage increase of 32%; on the other hand, the proposal of Senator Drilon was an increase of 5% across-the-board. He then asked what the basis was for the P10-billion



incremental increase as he noted the big difference between 5% and 32%.

SUSPENSION OF SESSION

Upon motion of Senator Angara, the session was suspended.

It was 7:02 p.m.

RESUMPTION OF SESSION

At 7:08 p.m., the session was resumed.

Upon resumption, Senator Angara explained that the DBM and the Office of Senator Villanueva, also an author of the bill, computed the rate by taking the base monthly salary for each salary grade for the first year of implementation which is 2020 so that for SG 1, with the proposed 4.36% increase under the original bill, the salary of P11,068 would go up to P11,551 a month; on the other hand, the proposal of Senator Drilon of an additional 5% increase on top of the 4.36% as proposed in the original bill, the increase would total to 9.36%. He stated that the Committee needed to do a computation for all the 33 salary grades.

He explained that the assumption was only based on Step 1 and that the figure of P42 billion arrived at by the Office of Senator Villanueva for the first year against the P31.1 billion projected in the original bill, was a very conservative figure because it did not include the 13th and 14th month pays as well as the amount that the government would shell out for PhilHealth, Pag-IBIG and the actual situation of some employees not being at Step 1. He said that the computation of the DBM could actually reach to a high of P60 billion for the first year.

Senator Drilon opined that the P60 billion estimate was way off the mark, but even assuming that P10 billion would be the additional increase as a consequence of his proposal of 5% across-the-board increase, it was still within range of the budgetary outlay. He then asked for a vote to see how the Members would view his proposed additional increase.

Again, Senator Angara clarified that the P10 billion was a very conservative figure as it did not include the 13th and 14th month pay and the additional indirect amounts which are subsidized by the

government in the form of Pag-IBIG and PhilHealth payments.

To Senator Drilon's assertion that even as there would be an increase in the contribution of the share of the government in PhilHealth and Pag-IBIG the contribution of the employees would also increase, Senator Angara explained that the amount to be funded by the government includes not just the pure salary increase but also the logical consequences of the salary increase.

Asked whether the P30 billion included the contributions to GSIS and Pag-IBIG, Senator Angara replied in the affirmative.

Senator Drilon asked for a nominal voting on his proposed amendment to give an additional 5% across-the-board increase on top of what was proposed in the measure.

MANIFESTATION OF SENATOR GORDON

Senator Gordon asked whether they were being prudent handler or manager of funds for the people which they should be. He said that he was worried that every time there is an increase in the salary, there would also be increases in the pension that should be considered aside from the other funding obligations like free education and universal health. Thus, he asked for more time to know more about how the government was going to fund the whole thing and whether the government could maintain such level of expenditure that might be costly in the future. He said that he wanted that the budget is properly balanced so that the government would not have to go on deficit spending and that he would not let the next generation suffer for possible excesses that might be committed.

He appealed to everyone to tarry a little bit, and take a look at the proposal again in the coming year to find out whether the government could afford it.

NOMINAL VOTING

Upon direction of Senate President Sotto, the Secretary of the Senate called the roll for nominal voting.

The result of the voting was as follows:

100/100

In favor

Drilon	Pangilinan
Hontiveros	

Against

Angara	Marcos
Binay	Pacquiao
Cayetano	Pimentel
Dela Rosa	Poe
Gatchalian	Recto
Go	Tolentino
Gordon	Villanueva
Lacson	Villar
Lapid	Zubiri

Abstention

Sotto

With three (3) senators voting in favor, eighteen (18) senators voting against, and one (1) abstention, the proposed amendment of Senator Drilon was not carried.

EXPLANATIONS OF VOTE*By Senator Angara*

Senator Angara stated that he voted against the motion because per DBM, the government would need more than P42 billion or in the range of P60 billion to P65 billion which effectively doubles the financial requirements to raise salaries. He explained that as much as he would have wanted to agree with the motion, it could not be done because there are things that needed to be thought out well, the most important consideration being that it would be funded by taxpayers' money. He echoed Senator Gordon's appeal that it must be carefully studied because equally important are the universal healthcare and the free college education which would similarly be funded by the taxpayers' money.

By Senator Recto

For his part, Senator Recto explained that he would have voted in favor if the proposal was to frontload the first 5%, 2.5% on the second year, and another 2.5% on the third year.

By Senator Villanueva

Senator Villanueva stated that his original bill actually proposed a 10% increase which, as extensively

explained by the DBM and the finance officials during the committee hearing, would be very hard to implement. Thus, he said that as much as he wanted to join Senator Drilon's motion, he had to respect and defer to the wisdom of the DBM and the Department of Finance.

By Senator Gordon

Senator Gordon stated that he wanted to give the government employees their just due, but he realized that it would be difficult to do so because of the many challenges that the government must equally attend to.

By Senator Zubiri

Senator Zubiri said that he wanted to support the proposal of Senator Drilon, but he was worried about a message to the President from the DBM due to insufficient funds. Nevertheless, he lauded Senator Drilon for pushing for an additional 5% increase for all government employees.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no other amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of individual amendments.

APPROVAL OF SENATE BILL NO. 1219 ON SECOND READING

Submitted to a vote, and with the majority voting in favor, Senate Bill No. 1219 was approved on Second Reading.

Senator Drilon registered a vote of abstention.

SUSPENSION OF SESSION

With the permission of the Body, the session was suspended.

It was 7:28 p.m.

RESUMPTION OF SESSION

At 7:29 p.m., the session was resumed.

PRESIDENTIAL CERTIFICATION

Upon direction of the Senate President Sotto, Secretary Villarica read the President's certification



as to the necessity of the immediate enactment of Senate Bill No. 1249, to wit:

**MALACAÑANG PALACE
MANILA**

December 13, 2019

SEN. VICENTE C. SOTTO III
Senate President
The Philippine Senate
Pasay City

Mr. Senate President:

Pursuant to the provisions of Article VI, Section 26 (2) of the 1987 Constitution, I hereby certify to the necessity of the immediate enactment of Senate Bill No. 1219, entitled:

"AN ACT MODIFYING THE SALARY SCHEDULE FOR CIVILIAN GOVERNMENT PERSONNEL AND AUTHORIZING THE GRANT OF ADDITIONAL BENEFITS, AND FOR OTHER PURPOSES,"

to address the urgent need to further invigorate public service with efficiency and productivity by providing all government civilian personnel a just and equitable compensation responsive to their economic needs.

Best regards.

Very truly yours,

(Sgd.) RODRIGO ROA DUTERTE

**APPROVAL OF SENATE BILL NO. 1219
ON THIRD READING**

In view of the presidential certification, upon motion of Senator Zubiri, there being no objection, the Body considered, on Third Reading, Senate Bill No. 1219.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, upon motion of Senator Zubiri, Secretary Villarica read only the title of the bill, to wit:

AN ACT MODIFYING THE SALARY SCHEDULE FOR CIVILIAN GOVERNMENT PERSONNEL AND AUTHORIZING THE GRANT OF ADDITIONAL BENEFITS, AND FOR OTHER PURPOSES.

Secretary Villarica called the roll for nominal voting.

RESULT OF VOTING

The result of the voting was as follows:

In favor

Angara	Pacquiao
Binay	Pangilinan
Cayetano	Pimentel
Dela Rosa	Poe
Gatchalian	Recto
Go	Sotto
Gordon	Tolentino
Hontiveros	Villanueva
Lacson	Villar
Lapid	Zubiri
Marcos	

Against

None

Abstention

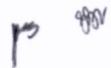
Drilon

With 21 senators voting in favor, none against, and one abstention, the Chair declared Senate Bill No. 1219 approved on Third Reading.

**EXPLANATION OF VOTE
OF SENATOR DRILON**

Senator Drilon stated that he would have wanted a 5% across-the-board increase on the schedules proposed in the committee report and that, in fact, he felt that the 5% increase was not even enough to respond to the needs of the current government workers of the country. It was unfortunate, he said, that the Body accepted the explanation of Senator Angara and the Department of Budget and Management that the government could not afford such increases especially that it would increase substantially as to adversely affect the government resources.

He said that he abstained because while he believed that the increases proposed in the committee report were not sufficient, he did not want to stand in the way of the salary increases of the government employees. He believed that it would have been worse if a negative vote has been cast by the majority because the workers in the government would not have any increase at all.



**COMMITTEE REPORT NO. 6
ON SENATE BILL NO. 1074**
(Continuation)

Upon motion of Senator Zubiri, there being no objection, the Body resumed consideration, on Second Reading, of Senate Bill No. 1074 (Committee Report No. 6), entitled

AN ACT INCREASING THE EXCISE TAX ON ALCOHOL PRODUCTS, HEATED TOBACCO PRODUCTS AND VAPOR PRODUCTS, AMENDING FOR THIS PURPOSE SECTIONS 141, 142, 143, 144, 147, 150, AND 288, OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

Senator Zubiri stated that the parliamentary status was in the period of individual amendments.

Thereupon, the Chair recognized Senator Cayetano, Sponsor of the measure.

SUSPENSION OF SESSION

Upon motion of Senator Zubiri, the session was suspended.

It was 7:35 p.m.

RESUMPTION OF SESSION

At 7:41 p.m., the session was resumed.

**PROPOSED AMENDMENT
OF SENATOR RECTO**

On page 1, line 1, Senator Recto proposed to insert a new Section 1 to read as follows:

SECTION 1. SECTION 109 (1) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, IS HEREBY FURTHER AMENDED, TO READ AS FOLLOWS:

SECTION 109 – EXEMPT TRAN-SANCTIONS: (1) SUBJECT TO THE PROVISIONS OF SUBSECTION 2 HEREOF, THE FOLLOWING TAX SHALL BE EXEMPT FROM THE VALUE ADDED TAX:

x x x

(AA) SALE AND IMPORTATION OF PRESCRIPTION DRUGS AND MEDICINE BEGINNING JANUARY 1, 2020.

Senator Cayetano acknowledged that the proposed amendment would result in the reduction in the price of medicines. However, she appealed that she be given time to first conduct hearings first to listen to the DOF and all concerned sectors before deciding on the best way to lower the prices of medicine. She committed to conduct hearing on the proposal at the appropriate time, not within the bill, the main focus of which is sin tax.

SUSPENSION OF SESSION

Upon motion of Senator Cayetano, the session was suspended.

It was 7:46 p.m.

RESUMPTION OF SESSION

At 8:02 p.m., the session was resumed.

Senator Cayetano said that as cosponsor of the Cheaper Medicines law, she has been very supportive of efforts to bring down the prices of drugs. However, she again appealed to the Members that she be given the opportunity to hold a hearing and discuss the so many ideas and suggestions on how to make medicines more affordable. She then rejected the proposed amendment of Senator Recto.

Senator Recto cited a September *Ulat ng Bayan* report or survey which showed that 99% of Filipinos believe that medicines are too expensive and this, he said, was one of the reasons why the DOH wants to fix the prices of medicine. He opined that the bill is not only revenue measure, but a health measure as well since 100% of the alcohol taxes would go to the Universal Health Care (UHC) law, a big portion of which would be allotted to medicines, thus making the government, being the biggest buyer of medicines by virtue of the UHC law, the first beneficiary of his proposal because the tax reduction would allow it to buy more medicines for use in public hospitals. He said that it would be difficult for him to find another opportunity to propose the amendment because the DOF would always be against reducing taxes on medicines. He clarified that the VAT reduction would only apply to prescription drugs.

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Senator Cayetano agreed with the data that 99% of Filipinos do not buy prescription medicines because they are expensive, with 23% saying that medicines are not accessible. However, she pointed out that nine out of 10 PhilHealth reimbursements are from private hospitals, which is proof that it is the people with money who are able to avail of PhilHealth benefits. Removing VAT from prescription medicines, she said, would most likely make more of the rich avail of them. She said that as vice-chair of the Senate Committee on Health and Demography, she would like to have the opportunity to listen to DOH and discuss the various options to help improve the delivery of healthcare, and not just medicine; for instance, whether the estimated P3 billion earning from the VAT should be better spent on medicine or infrastructure. She reiterated that all she needed was an opportunity to conduct a hearing and to study the proposal thoroughly. She committed to conduct the hearing within the first two weeks upon the resumption of session in 2020, adding that she had, in fact, filed a bill exempting medical equipment from customs duties and VAT and another bill on medicines.

MANIFESTATION OF SENATOR ANGARA

Senator Angara recalled that during the deliberations on the TRAIN law, Senator Recto proposed the same amendment which was accepted by the Body; however, in the bicameral conference, the amendment was narrowed down to apply only to the top three killer diseases of Filipinos, which are: heart disease and stroke, high cholesterol and diabetes. He said that he was leaving it up to the Body to consider if the list could be amended to include other medicines such as those for dialysis.

MANIFESTATION OF SENATOR GORDON

Senator Gordon said that there was really a need to make medicines VAT-free because data showed that 99% of Filipinos do not buy all their prescription medicines because they could not afford it. He proposed that the list be amended to increase the number of VAT-free medicines to include those used for treating the top three killer to the top 10 killer diseases. He underscored that health is the number one issue for most Filipinos, and he lamented that people could not even go to the pharmacy or hospitals and that only six out of 10 Filipinos seek medical consultation.

POINT OF ORDER OF SENATOR DRILON

Senator Drilon raised a point of order on the ground that having been rejected by Senator Cayetano, the proposed amendment must be submitted to a division of the House.

But Senate President Sotto said that he had not heard of an appeal from the proponent to vote on the proposal.

At this point, Senator Recto stated that he was appealing to the Body and asked that his proposal be submitted to a vote.

PARLIAMENTARY INQUIRY OF SENATOR PIMENTEL

Senator Pimentel inquired if it was prohibited in the *Rules* to discuss the proposal first. Senate President Sotto replied in the negative.

But Senator Drilon noted that the Body has been discussing the proposal for about one hour already.

MANIFESTATION OF SENATOR CAYETANO

Senator Cayetano stated that she would gladly listen what Senator Pimentel had to say on the proposal and that she would not accept statements accusing the Body of depriving the people of access to medicine and healthcare. She said that she would refute such accusations in a proper forum, and should there be a division of the House, she would take the floor and discuss issues on health care, why she was put in a position to reject the proposal. She said that she would not welcome any insinuation that she was depriving the people of access to cheaper medicine when what is on the floor is the sin tax.

At this juncture, Senator Pimentel requested a restatement of the proposed amendment for clarity taking into account the proposed measure's title, "An Act Increasing the Excise Tax on Alcohol Produce, Heated Tobacco Products and Vapor Products." He opined that Senator Cayetano was merely appealing to the Body that she be given the chance to hear the specific subject matter of the amendment since it was not discussed when she was studying the bill.

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Senator Cayetano stated that she was giving the Members a copy of her two measures that would remove the VAT and customs duties on equipment and medicine. She clarified that she was only asking for the right forum to discuss the VAT and at the very least, to have the discussion moved at the end of the amendments so that the Body could go on with the sin tax, and so that she could ask her staff to review the proposal since she was being put on the spot where she has to make a decision.

Senator Cayetano stated that while she agreed with Senator Recto in principle, as chairperson of the Committee on Ways and Means she would like to at least take a moment to think about what health interventions need to be done other than asking for VAT exemption on medicines.

Agreeing with Senator Cayetano, Senator Zubiri appealed to Senator Recto that his proposal be taken up at the end of the amendments and to take up the remaining proposed amendments on alcohol, distilled products, and tobacco.

Asked by Senate President Sotto if he would accept the appeal, Senator Recto stated that he and Senator Cayetano had already an agreement on practically 90% of the bill and that it was unfortunate that his proposal was found in the previous section of the Tax Code. He reiterated that it would be difficult for him to present again his proposal in the future even if he was told that Senator Cayetano already filed a related bill.

At this point, Senate President Sotto informed the Body that a motion to lay on the table takes precedence over the motion to divide the House, and since there was no motion yet to divide the House and that Senator Recto was merely appealing to the Body because Senator Cayetano rejected his proposed amendment, it was now up to Senator Zubiri to file the appropriate motion.

MANIFESTATION OF SENATOR GORDON

At the outset, Senator Gordon stated that he was not questioning the intentions or desire of every senator in alleviating the suffering of the people with respect to medicine. He believed that the moment was right for the Body to seize so that as they raise the taxes, the benefits from that raise must trickle down to the people. He noted that the proposal was

to remove VAT on sale and importation of prescription medicines effective January 1, 2020. He recalled that the removal of VAT on importation was supposed to be implemented at the start of 2019; however, the VAT on importation remained and as a consequence, many small pharmacies suffered losses.

Senator Gordon stressed that the coverage for three dreaded diseases could be expanded to 10 diseases as he believed that the people should be given cheaper medicines at the very least. He then appealed to the Body not to waste the opportunity despite Senator Cayetano's request that the proposal be heard separately. He supposed that if there was anyone who was unhappy with removing the VAT, it would be the DOF because they have already earmarked the expected revenue. He then challenged the DOF to reveal where the revenue would be used. He said that an unhealthy person would be considered as a non-performing asset and could succumb to depression and stress.

MANIFESTATION OF SENATOR CAYETANO

Senator Cayetano informed the Body that the Cheaper Medicines Law has a provision on the maximum drug retail price, and that it has been nine years since it was reviewed. She recalled that when the law was passed, every drastic measure had to be done to bring down the prices to more than 50% off on medicines that were identified by the DOH. She believed that the fact that the President has ordered the DOH to prioritize review of the prices of medicines is proof that the government is doing the very same thing that the proposal seeks to achieve.

Senator Cayetano reiterated her call for the Body to follow the process; to look at all the proposals comprehensively; and to be given enough time to review. She clarified that she was not against the proposal but that she be allowed to look at things comprehensively. She further stated that under the proposed sin tax measure the revenues to be collected would be for the construction of rural health care units, purchase of medicines, and equipment, and hiring of nurses, doctors, midwives, laboratory technicians and other health workers. She stressed that medicines are not the only expense in healthcare although it is one of the very vital expenses. She said that all she wanted was to be given enough time to study the proposal and not be given a few minutes to decide.



MANIFESTATION OF SENATOR MARCOS

Senator Marcos urged the Body to support the appeal of Senator Recto to vote on the VAT exemption of medicines under Section 109, and concomitantly the other sections which have an impact on Sections 197 and 198 of the National Internal Revenue Code.

Senator Marcos informed the Body that she had filed Senate Bill Nos. 218 and 219 as early as July. She believed that there was no necessity for an extended study of the proposal since 99% of the people cannot afford to buy medicines due to the hideous price imposed on them. She supposed that the medicines for pulmonary, kidney, trauma, orthopedic, and cancer are among those that should be exempted.

MANIFESTATION OF SENATOR RECTO

Senator Recto stated that in the next five years, under the agreement he had with Senator Cayetano, consisting of 90% of the rates proposed in the bill, the government would be collecting P583 billion from the baseline alcohol taxes and P130.6 billion in additional revenue, or a total of P713 billion. He believed that the tax exemption that he was proposing for prescription drugs which would be equivalent to about P3 billion only would not make a dent in the collections.

MOTION TO LAY ON THE TABLE

Thereupon, Senator Zubiri moved that Senator Recto's proposed amendment be laid on the table.

OBJECTION OF SENATOR DRILON

Senator Drilon objected to the motion and asked that the proposed amendment be put to a vote.

DIVISION OF THE HOUSE

There being an objection to the motion to table the proposed amendment, the Chair called for a division of the House, requesting those in favor of the motion to raise their hands and, thereafter, those against to do the same.

With 13 senators voting in favor, seven (7) against, the motion to table the proposed amendment was approved by the Body.

RECTO AMENDMENT

As proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved the deletion of the paragraphs on lines 12 to 30 of page 2 up to lines 1 to 11 of page 3, and their substitution with the following:

(A) EFFECTIVE ON JANUARY 1, 2020

- (1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTY PERCENT OF THE NET RETAIL PRICE EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX PER PROOF; AND
- (2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, A SPECIFIC TAX OF TWENTY-SIX PESOS (P26.00) PER PROOF LITER.

(B) EFFECTIVE ON JANUARY 1, 2021

- (1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTY PERCENT OF THE NET RETAIL PRICE, EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX PER PROOF; AND
- (2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, A SPECIFIC TAX OF THIRTY PESOS (P30.00) PER PROOF LITER.

(C) EFFECTIVE ON JANUARY 1, 2022

- (1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTY PERCENT OF THE NET RETAIL PRICE, (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND
- (2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, A SPECIFIC TAX OF TWENTY-SIX PESOS (P26.00) PER PROOF LITER.

(B) EFFECTIVE ON JANUARY 1, 2021

- (1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTY PERCENT (50%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND
- (2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, A SPECIFIC TAX OF THIRTY PESOS (P30.00) PER PROOF LITER.

(C) EFFECTIVE ON JANUARY 1, 2022

- (1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTY PERCENT (50%) OF THE

NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND

- 2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, A SPECIFIC TAX OF THIRTY-THREE PESOS (P33.00) PER PROOF LITER.

(D) EFFECTIVE ON JANUARY 1, 2023

- (1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTY PERCENT (50%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND
- (2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, A SPECIFIC TAX OF THIRTY-SEVEN PESOS (P37.00) PER PROOF LITER.

(E) EFFECTIVE ON JANUARY 1, 2024

- (1) AN *AD VALOREM* TAX EQUIVALENT TO FIFTY PERCENT (50%) OF THE NET RETAIL PRICE (EXCLUDING THE EXCISE TAX AND THE VALUE-ADDED TAX) PER PROOF; AND
- (2) IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, A SPECIFIC TAX OF FORTY-ONE PESOS (P41.00) PER PROOF LITER.

IN ADDITION TO THE *AD VALOREM* TAX HEREIN IMPOSED, THE SPECIFIC TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY SIX PERCENT (6%) EVERY YEAR THEREAFTER, EFFECTIVE JANUARY 1, 2025, THROUGH REVENUE REGULATIONS TO BE ISSUED BY THE SECRETARY OF FINANCE.

CAYETANO AMENDMENT

On page 3, line 13, as proposed by Senator Cayetano, there being no objection, the Body approved the change of the word "from" to FORM.

RECTO AMENDMENT

On page 4, as proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved to delete lines 18 to 31 until page 5, lines 1 to 10, and replace with the following:

SEC. 142. WINES. – ON WINES, THERE SHALL BE LEVIED, ASSESSED, AND COLLECTED EFFECTIVE ON JANUARY 1, 2020

AN EXCISE TAX EQUIVALENT TO FIFTY PESOS (50.00) PER LITER. THE RATE OF TAX IMPOSED UNDER THIS SECTION SHALL BE INCREASED BY SIX PERCENT (6%) EVERY YEAR THEREAFTER, EFFECTIVE JANUARY 1, 2021, THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

SUSPENSION OF SESSION

Upon motion of Senator Recto, the session was suspended.

It was 8:33 p.m.

RESUMPTION OF SESSION

At 8:35 p.m., the session was resumed.

REQUEST OF SENATOR GORDON

At this juncture, Senator Gordon requested that the Members be furnished with a copy of Senator Recto's proposed amendments so that they could follow the proceedings.

RECTO AMENDMENTS

(Continuation)

As proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved the following amendments, one after the other:

Page 7

- On line 13, before the word "Fermented," delete the words "*ALCOPOPS AND*";
- On line 14, after the word "on," delete the word "*ALCOPOPS*"

Page 8

- Replace lines 20 to 27 with the following paragraphs:
 - EFFECTIVE ON JANUARY 1, 2020, THE TAX SHALL BE THIRTY-FIVE PESOS (P35.00) PER LITER;
 - EFFECTIVE ON JANUARY 1, 2021, THE TAX SHALL BE THIRTY-SEVEN PESOS (P37.00) PER LITER;
 - EFFECTIVE ON JANUARY 1, 2022, THE TAX SHALL BE THIRTY-NINE PESOS (P39.00) PER LITER;
 - EFFECTIVE ON JANUARY 1, 2023, THE TAX SHALL BE FORTY-ONE PESOS (P41.00) PESOS PER LITER; AND

- EFFECTIVE ON JANUARY 1, 2024, THE TAX SHALL BE FORTY-THREE PESOS (P43.00) PER LITER.
- On line 29, replace the words and figure “TEN PERCENT (10%)” with SIX PERCENT (6%);
- On line 30, replace the figure “2024” with 2025;

Page 9

- Delete lines 3 to 6;

Asked for some clarification on his proposal to delete the entire paragraph, Senator Recto explained that there was no need to define the term “alcopops” as it is classified as a distilled product.

SUSPENSION OF SESSION

Upon motion of Senator Cayetano, the session was suspended.

It was 8:39 p.m.

RESUMPTION OF SESSION

At 8:41 p.m., the session was resumed.

OMNIBUS AMENDMENT

As an omnibus amendment, as proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved to delete the words “ALCOPOPS AND/OR” wherever found in the bill.

SUSPENSION OF SESSION

Upon motion of Senator Recto, the session was suspended.

It was 8:42 p.m.

RESUMPTION OF SESSION

At 8:47 p.m., the session was resumed.

PROPOSED AMENDMENT OF SENATOR RECTO

Upon resumption, Senator Recto said that his next amendment would be on heated tobacco products and vapes. He said that while some senators wanted

to impose higher rates on vapes, his position was that these products should be taxed half the rate of a conventional cigarette. He explained that under the Tax Code, the P45 excise tax per pack of a conventional cigarette would be increased by P5 for the next five years. He said that his proposal was only half of that increase since heated tobacco products and vapes are less harmful than conventional cigarettes. He suggested that the Body vote on his proposal on the heated tobacco products first before deciding on the vapes.

Senator Recto then proposed to replace lines 26 to 31 of page 11, up to lines 1 to 4 of page 12, with the following:

- (1) EFFECTIVE ON JANUARY 1, 2020, TWENTY-TWO PESOS AND FIFTY CENTAVOS (P22.50) PER PACK;
- (2) EFFECTIVE ON JANUARY 1, 2021, TWENTY-FIVE PESOS (P25.00) PER PACK;
- (3) EFFECTIVE ON JANUARY 1, 2022, TWENTY-SEVEN PESOS AND FIFTY CENTAVOS (P27.50) PER PACK; AND
- (4) EFFECTIVE ON JANUARY 2, 2023, THIRTY PESOS (P30.00) PER PACK.

THE RATES OF TAX IMPOSED UNDER THIS SUBSECTION SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR EFFECTIVE ON JANUARY 1, 2024 THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

Senator Recto explained that the tax imposed was increased to 5% because the index of cigarettes at present is 5%, unlike alcohol, which had been set at 6%.

Senator Cayetano explained that she was rejecting the proposal of Senator Recto because health authorities such as the US Food and Drug Administration (FDA) and the World Health Organization (WHO) have not found any evidence to suggest that reduced exposure to these chemicals translate to reduced risk in humans and that all forms of tobacco use are harmful, including HTPs. She then quoted an FDA news release dated September 9, 2019, which read, in part, to wit: “Regardless of where products, like e-cigarettes, fall on the continuum of tobacco product risk, the law is very clear. Before marketing tobacco products for reduced risk, companies must demonstrate with specific evidence that their specific product does, in fact, pose less risk or is less



harmful." She said that this same warning must demonstrate to the legislators first that such products posed less risk or are less harmful before its rate is reduced. She appealed to the Members to keep the rate at P45 per pack, as indicated in the committee report, and which is identical to the rates of cigarettes until there are findings from the health agencies that HTPs or e-cigarettes are safer products.

Senator Cayetano informed the Body that 30 countries have banned the use of vapes while less than 10 have banned the HTPs. Thus, she questioned the wisdom of reducing the tax on these products when some countries have already banned them even if the country has not banned them yet. She said that those who promoted the use of e-cigarettes as a substitute for conventional cigarettes called it a switch to a less harmful product. However, she noted that those who have stopped smoking was not because of the availability of an HTP or an e-cigarette but because of other interventions. She disclosed that based on the data available in London, UK, where more people use e-cigarettes, smokers have stopped the habit for many reasons and not because of e-cigarettes or vape.

Senator Cayetano revealed that during a caucus with Senate President Sotto, Senators Zubiri and Pacquiao, they shared stories about young people, particularly those who went to school, who never smoked. She said that while it was good news then that some students did not smoke until they finished college, the fact that they turned to vaping or are using HTPs is a cause for concern. Thus, she appealed to her colleagues not to make vaping and HTP easily available by using the power of taxation as a deterrent against the easy access of a harmful product. She said that she would like to keep the tax rate at P45 regardless of whether it is an HTP, a vape, or an open vape, and that if anyone would argue that one is more harmful than the other, she would be willing to accept amendments to make the tax rate of the more harmful item higher. However, she appealed to the Body to wait for the medical advice as to the risks which would serve as the basis to lower the tax rate.

Responding thereto, Senator Recto cited some statements from the following:

- From the World Health Organization, citing the European Code Against Cancer: "The use of e-cigarettes is expected to have a lower risk

of disease and death than tobacco smoking.... E-cigarettes have the potential to reduce enormous burden of disease and death caused by tobacco smoking if most smokers switch to e-cigarettes and public health concerns are properly addressed."

- From Forbes: "The truth is that vaping is 95% less harmful than smoking....Banning e-cigarettes, prohibiting flavored versions or imposing "nicotine" taxes (as a number of pols in Congress and elsewhere are pushing for) would have two bad results: more people smoking traditional — and highly lethal — cigarettes and the rise of black market for flavored e-cigarettes with all the risks of unsafe versions that would entail."
- From the Lancet, in "Nicotine without smoke: Fighting the tobacco epidemic with harm reduction:" Estimates (from 500 countries) suggest that the risks of vaping are unlikely to exceed 5% of those associated with smoked tobacco products";
- The New Zealand Ministry of Health: Vaping is not harmless but it is much less harmful than smoking";
- Government of Canada: "Vaping is less harmful than smoking"; and
- US National Academy of Sciences and the World Health Organization, which said that the FDA follows "a rigorous science-based review through the premarket tobacco product Application (PMTA) pathway, and that the agency (US FDA) determined that authorizing these products for U.S. market is appropriate for the protection of the public health because, among several key consideration, the products produce heated fewer or lower levels of some toxins than combustible cigarettes."

Senator Recto stated that the aforementioned statements were the basis of his proposal to lower the rate of such types of products.

MANIFESTATION OF SENATOR TOLENTINO

Senator Tolentino expressed his support to Senator Cayetano's contention that the proposed rate should be retained. He also expressed his total disagreement against the introduction in the Philippine market of vapes and ENDS products. He opined that to regulate the product that positively affects the health sector is to realize and to take note of a



September 13, 2019 World Health Organization circular addressed to all party members of the WHO. He said that he would have taken legislative notice to the presentations of several experts from the World Health Organization to the House of Representatives as to the effects of ENDS, HTP, and vaping, but he took note of the recent circular of the WHO in the Conference of the Parties (COP) which recommended that these products' health claims should be prohibited until they are scientifically proven. He stated that the Conference of the Parties 6 (COP-6) invited parties to take measures in relation to ENDS which include all e-cigarettes and to consider prohibiting or otherwise regulating them including tobacco products, medicinal products, consumer products, or other categories as appropriate, and the WHO wanted strict regulations; thus, lowering their taxes would mean giving easy access in the market. He quoted another statement in the WHO circular which recognized that in recent years, "the tobacco industry has introduced a wide array of new products, the majority of which simulate the act of smoking while typically delivering nicotine into the human body."

Senator Tolentino lamented that the country still has no regulations on the products as the bills aimed at strengthening and empowering the FDA and for the FDA to take notice of the regulations of other countries, are still pending in Congress. He added that according to the WHO, "the amount of delivered nicotine from water pipe and smokeless tobacco can exceed those emitted by smoking traditional tobacco products such as cigarettes," and that "while such products are marketed as cleaner alternatives to conventional cigarettes, either as smoking cessation aids or as reduced risk products," there are unknown factors associated with their use, which means that they could not be safely recommended for consumption. He added that the products have the potential to undermine existing tobacco control measures, for instance, exempting the products from taxation, lowering the tax brackets or the tax rates, or allowing their use in smoke-free places.

Reiterating his support to the bill, Senator Tolentino stated that HTP, a vape, or an open vape might be hard to prohibit as he noted that only a few of its kind could be identified. However, he believed that raising taxes of these products could be one of the many ways to control their access to the most vulnerable sector of the society particularly youth; by so doing, they can be protected from some of the illnesses caused by smoking.

Senator Tolentino stated that his statement was a continuing manifestation of his support to the original tax brackets proposed by Senator Cayetano whom he interpellated for hours during the committee hearing.

MANIFESTATION OF SENATOR ZUBIRI

Senator Zubiri believed that there should be an alternative to smoking and that HTPs are an alternative. He feared that HTPs may not become available if taxes thereon are raised and those who switched to HTPs may go back to smoking traditional cigarettes.

As regards vape, Senator Zubiri expressed his support to higher taxes on vapes, especially open system vapes because they are sometimes used with other chemicals, such as marijuana. He stressed that there should be alternatives for those who want to lessen their dependence on tobacco.

MANIFESTATION OF SENATE PRESIDENT SOTTO

Senate President Sotto stated that another testimony on the use of heated tobacco is his brother who had been smoking for 25 years but had been healthier since he shifted to heated tobacco. He said that heated tobacco would hopefully extend the life of his brother for another 25 years.

REJOINDER OF SENATOR CAYETANO

For her part, Senator Cayetano expressed appreciation to the stories told by Senate President Sotto and Senator Zubiri, saying that she also heard stories of cigarette smokers who became happier after switching to heated tobacco. However, she stated that such was just one side of the story. She noted that there are others who never smoke but are now vapers or HTP-users, and such scenario, she said, is something that she does not want to happen especially to the youth. She stressed the need to use taxation as a deterrent because a market has suddenly been created by the new product which is supposedly the coolest or the safest thing which is not how it is supposed to work. She said that in countries like the UK, they have allowed the use of e-cigarettes and have issued strict regulations on cigarette use that have effectively and consistently deterred the youth from the attractiveness of cigarettes. In London, she said that no one can see cigarettes in convenience

stores because it is prohibited for display. She also narrated her encounter with a behavioral scientist from the University College London who was invited by the Public Health England — the group that claimed that e-cigarettes or vapes are 95% less harmful — who said that the easier the products are made available, the more they are attractive to the consumers; therefore, taxation must be used to make it less accessible to the most vulnerable sectors, especially the youth.

APPROVAL OF THE RECTO AMENDMENT

Thereupon, Senator Zubiri informed the Body of a pending motion to vote on the proposed amendment of Senator Recto. He said that those in favor of the amendment of Senator Recto would vote in the affirmative while those who are not in favor would vote in the negative.

The Chair then called for a division of the House as it requested those in favor of the amendment to raise their hands and, thereafter, requested those against it to do the same.

With 14 members voting in favor, five (5) against, and no abstention, the amendment of Senator Recto was carried.

SUSPENSION OF SESSION

Upon motion of Senator Recto, the session was suspended.

It was 9:21 p.m.

RESUMPTION OF SESSION

At 9:21 p.m., the session was resumed.

PROPOSED AMENDMENT OF SENATOR RECTO

Senator Recto proposed to delete the entire paragraph on page 12, lines 12 to 20 on the ground that Section 263-A, as amended by RA 11346, already provided for the penalty of selling heated tobacco products and vapor products at a price lower than the combined excise and value-added taxes. This, he said, meant that he was adopting the proposal of Senator Cayetano at a later section for higher penalties.

SUSPENSION OF SESSION

Upon motion of Senator Cayetano, the session was suspended.

It was 9:22 p.m.

RESUMPTION OF SESSION

At 9:23 p.m., the session was resumed.

RECTO AMENDMENT

As proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved the deletion of the entire paragraph from lines 12 to 20 of page 12.

CAYETANO AMENDMENT

On line 28, after the word “products,” as proposed by Senator Cayetano, there being no objection, the Body approved to replace the comma (,) with AN.

PROPOSED AMENDMENT OF SENATOR RECTO

On page 13, Senator Recto proposed to replace lines 11 to 18 with the following:

- (1) EFFECTIVE ON JANUARY 1, 2020, TWENTY-TWO PESOS AND FIFTY CENTAVOS (P22.50) PER MILLILITER OR A FRACTION THEREOF;
- (2) EFFECTIVE ON JANUARY 1, 2021, TWENTY-FIVE PESOS (P25.00) PER MILLILITER OR A FRACTION THEREOF;
- (3) EFFECTIVE ON JANUARY 1, 2022, TWENTY SEVEN PESOS AND FIFTY CENTAVOS (P27.50) PER MILLILITER OR A FRACTION THEREOF; AND
- (4) EFFECTIVE ON JANUARY 1, 2023, THIRTY PESOS (P30.00) PER MILLILITER OR A FRACTION THEREOF; PROVIDED, THAT THE RATES OF TAX IMPOSED UNDER THIS SUBSECTION SHALL BE INCREASED BY FIVE PERCENT (5%) EVERY YEAR EFFECTIVE ON JANUARY 1, 2024, THROUGH REVENUE REGULATIONS ISSUED BY THE SECRETARY OF FINANCE.

Senator Cayetano said that she was rejecting the proposed amendment as her explanation for heated products was the same for vapes. She likewise

noted that the current rate in the committee report was P45.

Senator Recto stated that he respected the position of Senator Cayetano, but he believed that there were Members who might want to amend the section as well. The first one, he said, was for salt nicotine and the other was for freebase nicotine which is the same rate but per 10 ml.

Hence, on page 14, lines 12 to 19, he likewise proposed to replace the paragraph, to read as follows:

- (1) EFFECTIVE ON JANUARY 1, 2020, TWENTY-TWO PESOS AND FIFTY CENTAVOS (P22.50) PER TEN MILLILITERS OR A FRACTION THEREOF;
- (2) EFFECTIVE ON JANUARY 1, 2021, TWENTY-FIVE PESOS (P25.00) PER TEN MILLILITERS OR A FRACTION THEREOF;
- (3) EFFECTIVE ON JANUARY 1, 2022, TWENTY-SEVEN PESOS AND FIFTY CENTAVOS (P27.50) PER TEN MILLILITERS OR A FRACTION THEREOF;
- (4) EFFECTIVE ON JANUARY 1, 2023, THIRTY PESOS (P30.00) PER TEN MILLILITERS OR A FRACTION THEREOF.

But Senator Cayetano noted the concern of some Members that freebase or classic nicotine is more dangerous because of the ease by which other chemicals could be added to it. She nevertheless reiterated that health experts make no distinction between these products as they are all considered to be harmful, and that to reduce the taxes beyond cigarettes would not do justice to their efforts to make these products less accessible, especially to the young people not just those 18 and below but even to the average adult. She said that she would leave it up to the Body to decide at the right time if there would be a division of the House. However, she maintained her position that such products are harmful and should be taxed the same way as cigarettes at the rate of P45.

At this juncture, Senate President Sotto suggested that the Body act on the first provision. Senator Zubiri noted that the objection of Senator Cayetano would require a division of the House.

Senate President Sotto likewise suggested that the two provisions be taken one at a time.

SUSPENSION OF SESSION

With the permission of the Body, the session was suspended.

It was 9:30 p.m.

RESUMPTION OF SESSION

At 9:30 p.m., the session was resumed.

DIVISION OF THE HOUSE

Upon resumption, the Chair called for a division of the House as it requested those in favor of the proposed Recto amendment on salt nicotine to raise their hands and, thereafter, requested those against it to do the same.

With two (2) senators voting in favor, 17 against, and no abstention, the proposed Recto amendment on salt nicotine was lost.

DIVISION OF THE HOUSE

The Chair likewise called for a division of the House as it requested those in favor of the proposed Recto amendment on freebase nicotine to raise their hands and, thereafter, requested those against it to do the same.

With two (2) senators voting in favor, 17 against, and no abstention, the proposed Recto amendment on freebase nicotine was lost.

INQUIRY OF SENATOR PIMENTEL

At this juncture, Senator Pimentel said that he would propose an anterior amendment on page 14, lines 24 to 27 concerning the paragraph on the regulation of vapor products. He then asked if vapor products are new products and if they are currently regulated.

Senator Cayetano replied that vapor products are still unregulated after the court issued a temporary restraining order preventing FDA to regulate these items in response to cases that had been filed by the industry against the agency. However, she noted that there is a General Consumer Act which had been cited by the President when he expressed his dismay and concern for the easy accessibility of these products. As regards HTPs, she said that these

products were supposed to be covered by the FDA circular as well.

Asked if the paragraph found on page 14, lines 24 to 27 was specifically for vapor products, Senator Cayetano replied that it was for all.

Senate President Sotto contended that even if the provision would be amended, it applies only to vapor products and would not regulate HTPs.

For his part, Senator Recto noted that HTPs are regulated by the National Tobacco Administration.

PROPOSED AMENDMENT OF SENATOR PIMENTEL

On page 14, Senator Pimentel proposed to replace lines 24 to 24 with the following:

THE FOOD AND DRUG ADMINISTRATION (FDA) SHALL PERIODICALLY DETERMINE AND REGULATE, CONSISTENT WITH EVOLVING MEDICAL AND SCIENTIFIC STUDIES, THE MANUFACTURE, IMPORTATION, SALE, PACKAGING, ADVERTISING AND DISTRIBUTION OF VAPOR PRODUCTS, AS MAY BE AUTHORIZED BY LAW, INCLUDING THE BANNING OF THE SALE TO NON-SMOKERS AND PERSONS WITH AGE LOWER THAN TWENTY-FIVE (25) YEARS OLD AND THE BANNING OF FLAVORINGS.

Senator Cayetano accepted the proposed amendment.

MANIFESTATION OF SENATOR TOLENTINO

Senator Tolentino manifested his support for the proposed amendment specifically on the age requirement on the following grounds:

- It is consistent with the K-12 implementation because at Grades 11 and 12, the students are at an age where they tend to purchase vape products.
- The DOH, through Secretary Duque, stated that 25-year olds should not be allowed to smoke either traditional or e-cigarettes.
- Under the Family Code, parental advice and marriage counselling are required for ages 25 years and below.

- There are studies showing that the prefrontal cortex is often associated with risks in teens who use substances such as nicotine, and that the age of development of a young adult is 25 years old.

MANIFESTATION OF SENATOR RECTO

Senator Recto manifested that the reason he wanted the Department of Trade and Industry to get involved is that it must be the lead agency insofar as the safety issue of the gadgets is concerned.

But Senate President Sotto cautioned against imposing tax on gadgets because by doing so, they might as well tax lighters that are used for cigarettes.

Likewise, Senator Recto believed that the age requirement (25 years old) was too high because assuming vapes are less harmful, they must have the option to go to a less harmful product.

INQUIRY OF SENATOR POE

Asked by Senator Poe which flavors the proposed amendment seeks to ban, Senator Pimentel explained that the FDA can regulate flavors other than tobacco flavor, especially flavors that are attractive to the youth.

But Senator Poe pointed out that the flavors, other than the tobacco flavor, are precisely offered to lessen dependence on regular tobacco.

Senator Pimentel clarified that his proposal empowers the FDA to regulate vapes products to the extent of banning flavors subject to periodic review because of evolving scientific studies concerning vapor products.

INQUIRY OF SENATOR DRILON

Asked by Senator Drilon why there was a difference in policy treatment between vapor products and heated tobacco products (HTPs), Senate President Sotto replied that HTPs, since they use tobacco, are regulated pursuant to the Tobacco Law.

But Senator Drilon asked if it was a correct policy to have two agencies regulating practically the same class of products and which may come out with different regulations.

Senator Cayetano noted the valid concern of Senator Drilon and she would propose that both



products — vapor and HTPs — be placed under the same regulatory agency.

INQUIRY OF SENATOR LACSON

Asked by Senator Lacson how the banning of the sale of vapor products to nonsmokers would be implemented, Senator Cayetano replied that like in London, it must be “honesty-basis” accompanied with an explanation that the product is only meant to be sold to those who are currently smoking but want to quit the habit. She said that precisely taxation must be used as a deterrent to the access of those products; thus, lowering the tax on HTPs would not help in making them less accessible.

Senator Pimentel stated that once part of the law, the sellers would be mandated to take preliminary measures to determine whether the buyer is a smoker or a nonsmoker.

Senator Cayetano stated that it would not be an issue if the DTI is tapped to help in regulating the equipment.

APPROVAL OF THE PIMENTEL AMENDMENT

Submitted to a vote, there being no objection, the proposed amendment of Senator Pimentel was approved by the Body.

RECTO AMENDMENT

On page 15, as proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved the deletion of lines 1 to 8.

Senator Recto explained that it was a redundant penalty provision considering that the current law as amended by RA 11346, specifically “Section 263(a),” also provided for a penalty for selling heated tobacco products and vapor products at a price lower than the combined excise and value-added taxes.

TOLENTINO AMENDMENT

Still on page 15, as proposed by Senator Tolentino and accepted by the Sponsor, there being no objection, the Body approved to add a new paragraph on line 9, to wit:

SELLING VAPOR PRODUCTS TO PERSONS
BELOW TWENTY-FIVE (25) YEARS OLD

SHALL BE PROHIBITED, WHICH SHALL BE PUNISHED WITH A FINE OF TEN THOUSAND PESOS (P10,000.00) AND IMPRISONMENT OF THIRTY (30) DAYS.

INQUIRY OF SENATOR DRILON

Asked by Senator Drilon how the provision on minimum-age requirement would be enforced or implemented, Senator Cayetano said that it would be implemented in the same way as the age requirement provisions in the law on alcohol and cigarette products were being implemented, which is to require the buyers to produce an ID whenever purchasing such products. She admitted that she was not aware of the required ID for presentation, whether it is government-issued or privately issued, saying her basis for accepting the amendment was the ongoing practice.

Senate President Sotto said that the national ID system which would soon be implemented, would simplify the implementation of the age-requirement provision of the law.

RECTO AMENDMENT

Still on page 45, as proposed by Senator Recto and accepted by the Sponsor, there being no objection, Section 3 was renumbered as Section 4.

MOTION TO RECONSIDER APPROVAL OF THE TOLENTINO AMENDMENT

At this point, Senator Zubiri moved to reconsider the approval of the Tolentino amendment as he was objecting to the age 25 requirement in the provision.

MANIFESTATION OF SENATOR TOLENTINO

Senator Tolentino said that he had earlier clarified the rationale behind his proposal. He said that the Family Code states that even though any male or female at the age of 18 years may contract marriage, parental consent is required until the age of 21 while parental advice and marriage counselling is a requisite for ages 25 years and below. Thus, he said that the age of 25 is critical and is recognized by law as the age of majority where full discretion and sound judgment may be exercised by an individual. He assumed that it was for those reasons that Senator Pimentel tried to propose a reconciliation and harmonization of all laws.

He said that he also provided several scientific studies that the development and maturation occur

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primarily at the age of 25. He posited that even the development of the brain which is vital for complex behavioral performance, is attained at age of 25.

REMARKS OF SENATOR ZUBIRI

Senator Zubiri believed that it would be an insult to individuals aged below 25 years but over 21 to say that the needed age of consent is 25 for the issue at hand since the legal age in many countries, including the Philippines, is 21 years old. He added that 18 is even the legal age in other countries and as such, the age requirement be lowered from 25 to 21.

SUSPENSION OF SESSION

With the permission of the Body, the session was suspended.

It was 10:04 p.m.

RESUMPTION OF SESSION

At 10:04 p.m., the session was resumed.

Upon resumption, Senator Zubiri added that the age requirement to run for city mayor is 23 years, and 21 years for town mayor. Thus, he believed that it did not make too much sense to impose the 25-age requirement for purposes of buying vape products. At this point, he moved for the division of the house.

MANIFESTATION OF SENATOR PIMENTEL

Senator Pimentel joined Senator Zubiri in his objection. He said that vapor products are new, and government, especially the policymakers, could come up with specific rules on how to regulate and treat the new vapor products. He said that he could not think of any constitutional obstacle if the access to vapor products is placed at a different age compared to other items.

Senator Zubiri asked if there was any product in the market, with the exception of drugs, that is banned for people below 25 years old.

Senator Cayetano assumed that the other senators had seen the news about people dying from vaping. She recalled giving out information that 30 countries have banned the use of vapes because they determined by their own standards that they are a harmful products for their people and not just for the youth.

She said that while these are not banned in the Philippines, the government, in an effort at health intervention, was trying to use the age requirement as a means to deter the young people from vaping. She also echoed Senator Tolentino's explanation that the brain continues to develop until 25 years old and nicotine directly affects the brain.

As a final rejoinder, Senator Zubiri pointed out the irony of proposing that vape be banned for anyone 25 years old and below when tobacco smoking, which is more dangerous than vape, is allowed for people 18 years old and above.

At this point, he reiterated his motion to divide the house.

INQUIRY OF SENATOR TOLENTINO

Senator Tolentino said that his previous amendment as regards the prohibition and the penalties to be imposed was accepted by the Sponsor. At this point, he asked about the parliamentary status of his amendment.

Senate President Sotto said that the amendment had been voted on and was accepted. However, he said that under the Rules, any member who voted in favor of any motion may ask for a motion for reconsideration.

Asked whether the motion for reconsideration was anchored on the proposal of Senator Pimentel, Senator Zubiri said that his motion for reconsideration was based on the age and not on the penalties.

MANIFESTATION OF SENATOR GORDON

Senator Gordon manifested his support for the motion for reconsideration of Senator Zubiri because it looked irregular to set the age requirement at 25 when people are allowed to drive and vote at the age of 18. He underscored the need for a uniform proposition in light of the anticipated implementation of the National ID System Law which would make it easier to verify real age of the ID holders. He believed that young people should reach that stage of development where they could discern what is good or bad for them.

INQUIRY OF SENATOR PIMENTEL

Senator Pimentel inquired as to the effect of the vote carrying the motion for reconsideration.

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Senate President Sotto said that it meant that the amendment on the age requirement would be taken up again.

DIVISION OF THE HOUSE

At this point, the Chair called for a division of the House as it requested those in favor of the motion for reconsideration to raise their hands and, thereafter, requested those against it to do the same.

With 11 senators voting in favor, 10 against, and no abstention, the motion of Senator Zubiri to reconsider the approval on the age requirement was carried.

ZUBIRI AMENDMENT TO THE PIMENTEL-TOLENTINO AMENDMENT

On the Pimentel-Tolentino amendment, as proposed by Senator Zubiri and accepted by Senators Pimentel and Tolentino and the Sponsor, there being no objection, the Body approved to change the word and figure TWENTY FIVE (25) to TWENTY ONE (21) YEARS OLD.

RECTO AMENDMENTS

On page 15, lines 19 to 30, Senator Recto proposed to delete the entire paragraph and replace the same with the following:

(F) “*VAPOR PRODUCTS*” SHALL MEAN ELECTRONIC NICOTINE AND NON-NICOTINE DELIVERY SYSTEMS (ENDS/ENNDS), WHICH ARE COMBINATIONS OF (I) A LIQUID SOLUTION OR GEL CONTAINING UP TO SIXTY-FIVE MILLIGRAMS OF NICOTINE PER MILLILITER OF LIQUID SOLUTION OR GEL (65MG/ML), THAT TRANSFORMS INTO AN AEROSOL WITHOUT COMBUSTION THROUGH THE EMPLOYMENT OF A MECHANICAL HEATING ELEMENT, BATTERY OR CIRCUIT THAT CAN BE USED TO HEAT SUCH SOLUTION OR GEL, AND INCLUDES, BUT IS NOT LIMITED TO (II) A CARTRIDGE, (III) A TANK, AND (IV) THE DEVICE WITHOUT A CARTRIDGE OR TANK. IT IS COMMONLY KNOWN AS “E-LIQUIDS” OR “E-CIGARETTES.”

ANY PRODUCT WHICH EXCEEDS 65 MILLIGRAMS OF NICOTINE PER MILLILITER OF LIQUID OR GEL, OR WHICH DOES NOT EXCEED THIS LIMIT

BUT SEEKS TO MAKE HEALTH CLAIMS, SHALL BE DEEMED TO BE PHARMACEUTICAL PRODUCTS UNDER THE EXCLUSIVE JURISDICTION OF THE DEPARTMENT OF HEALTH (DOH) AND THE FOOD AND DRUG ADMINISTRATION OF THE PHILIPPINES (FDA), AND SHALL BE SUBJECT TO ADDITIONAL REQUIREMENTS AS THE DOH AND THE FDA MAY IMPOSE.

Senator Recto explained that the amendment intends to fortify the definition under RA 11346 and retain the nicotine cap limit of 65 milligrams per ml. “which is a reasonable limit because as the Royal College of Physicians in the UK highlights, the ideal harm-reduction device should deliver nicotine in a manner as similar as possible to cigarettes while at the same time maximizing palatability to approximate the experience of cigarette smoking more closely.” He said that combustible cigarettes in the Philippines have a high concentration of nicotine; as such, the 65 mg/ml is important for ENDS because it would allow current smokers to get the same amount of nicotine without combustion. Moreover, he said that offering a sub-par nicotine product, such as a 20 mg/ml, would simply be a win for combustible cigarettes and that a Filipino smoker would most likely stick to the old ways because the nicotine experience in combustible cigarettes would be far more satisfying.

At this juncture, Senator Cayetano requested a copy of the amendments to fully understand Senator Recto’s proposal.

SUSPENSION OF SESSION

Upon motion of Senator Angara, the session was suspended.

It was 10:21 p.m.

RESUMPTION OF SESSION

At 10:38 p.m., the session was resumed.

Senator Recto said that his earlier proposed amendment was subject to style so that Senator Cayetano could rewrite that particular paragraph.

Senator Cayetano replied that she would delete the second paragraph, which is meant to address the FDA’s authority to regulate and allow the sale of products up to 65 mg/ml, subject to style. This, she said,



would ensure that the objective of Senator Recto's amendments is understood. Senator Recto agreed.

Asked by Senate President Sotto to read the accepted paragraph, Senator Cayetano replied that it would be prepared while members go through the other provisions.

There being no objection, the proposed amendment was approved, subject to style.

On page 16, as proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved to delete the entire Section 4, from lines 1 to 22.

Senator Recto explained that the rationale for the deletion was that an excise tax on devices would present a significant tax disadvantage when compared with combusted tobacco products and would be a significant barrier for switching to smoke-free alternatives. He said that devices such as e-liquid and heated products are not consumables and are already subject to excise taxes and VAT. In addition, he said that there is no excise tax levied on other devices, like pipes, sisha, lighter, among others, used for combustible tobacco products.

He said that higher prices of devices would likely lead to unintended consequence of huge second-hand and/or illicit market where safety reliability, such as battery explosion and plastic contamination, is not guaranteed. He also clarified that such devices are not tax-free since they are subject to VAT and customs duties.

Senator Cayetano said that she was accepting Senator Recto's amendments as it was consistent with her stand on ensuring the health of the consumers, more particularly because of her fear of the use of second-hand and substandard products. She reiterated her belief that all sin products, like e-cigarettes, should be taxed equally.

CAYETANO AMENDMENT

On page 16, after line 28, as proposed by Senator Cayetano, there being no objection, the Body approved the insertion of "xxx xxx xxx."

Senator Cayetano explained that the amendment refers to Subsection A of Sec. 288-A, which means retaining what were previously there.

RECTO AMENDMENT

(Continuation)

As proposed by Senator Recto and accepted by the Sponsor, there being no objection, the Body approved the following amendments:

Page 16

- Renumber the succeeding sections accordingly;

Page 17

- After the new Section 4, insert new Sections 5 and 6, to read as follows:

SEC. 5. SEC. 263 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, IS HEREBY FURTHER AMENDED, TO READ AS FOLLOWS:

SEC. 263. UNLAWFUL POSSESSION OR REMOVAL OF ARTICLE SUBJECT TO EXCISE TAX WITHOUT PAYMENT OF THE TAX. – x x x

(A) A FINE OF NOT LESS THAN ONE HUNDRED THOUSAND PESOS (P100,000.00) BUT NOT MORE THAN TWO HUNDRED THOUSAND PESOS (P200,000.00) AND IMPRISONMENT OF NOT LESS THAN SIXTY (60) DAYS BUT NOT MORE THAN ONE HUNDRED (100) DAYS IF THE APPRAISED VALUE, TO BE DETERMINED IN THE MANNER PRESCRIBED IN THE CUSTOMS MODERNIZATION AND TARIFF ACT (REPUBLIC ACT NO. 10863), INCLUDING DUTIES AND TAXES, OF THE ARTICLES DOES NOT EXCEED TWO HUNDRED FIFTY THOUSAND PESOS (P250,000)

SEC. 6. SEC. 263-A OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, IS HEREBY FURTHER AMENDED TO READ AS FOLLOWS:

SEC. 263-A. SELLING OF HEATED TOBACCO PRODUCTS AND VAPOR PRODUCTS AT A PRICE LOWER THAN THE COMBINED EXCISE AND VALUE-ADDED TAXES. — ANY PERSON WHO SELLS HEATED TOBACCO PRODUCTS AND VAPOR PRODUCTS AT A PRICE LOWER THAN THE COMBINED EXCISE AND VALUE-ADDED TAX SHALL BE PUNISHED WITH A FINE OF NOT LESS THAN TEN (10) TIMES

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THE AMOUNT OF EXCISE TAX PLUS VALUE-ADDED TAX DUE BUT NOT LESS THAN TWO HUNDRED THOUSAND PESOS (P200,000.00) NOR MORE THAN FIVE HUNDRED THOUSAND PESOS (P500,000.00), AND IMPRISONMENT OF NOT LESS THAN FOUR (4) YEARS BUT NOT MORE THAN SIX (6) YEARS.

At this juncture, the session was suspended and resumed shortly thereafter.

Page 17

- Insert a new Section 7 to delete the last proviso under Section 265 of the National Internal Revenue Code of 1997, as amended, to read as follows:

SEC. 7. SECTION 265 OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, IS HEREBY FURTHER AMENDED TO READ AS FOLLOWS:

SEC. 265. OFFENSES RELATING TO STAMPS. – x x x

(a) x x x

x x x

(e) *PROVIDED, THAT THE CUMULATIVE POSSESSION OF FALSE/COUNTERFEIT/RECYCLED TAX STAMPS IN EXCESS OF THE AMOUNT OF FIFTY MILLION PESOS (P50,000,000.00) BE PUNISHABLE BY A FINE OF FIVE HUNDRED MILLION PESOS (P500,000,000.00) OR UP TO TEN TIMES THE VALUE OF THE ILLEGAL STAMPS SEIZED, WHICHEVER IS HIGHER, AND IMPRISONMENT OF NOT LESS THAN TEN (10) YEARS BUT NOT MORE THAN FIFTEEN (15) YEARS.*

At this juncture, the session was suspended and resumed shortly thereafter.

Page 16

- On line 24, renumber Section 5 as Section 8;
- On lines 26 to 28, rephrase the entire paragraph, to read as follows:

SEC. 8. SECTION 288-A OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, IS HEREBY

FURTHER AMENDED TO READ AS FOLLOWS:

SEC. 288-A. DISPOSITION OF REVENUES FROM EXCISE TAX ON SWEETENED BEVERAGES.

- (A) REVENUE FROM EXCISE TAX ON SWEETENED BEVERAGES FROM REPUBLIC ACT NO. 10963. – THE PROVISIONS OF EXISTING LAWS TO THE CONTRARY NOTWITHSTANDING, FIFTY PERCENT (50%) OF THE TOTAL REVENUES COLLECTED FROM THE EXCISE TAX ON SWEETENED BEVERAGES SHALL BE ALLOCATED AND USED EXCLUSIVELY IN THE FOLLOWING MANNER.
- Amend the last proviso of Section 288-A of the National Internal Revenue Code of 1997, as amended by RA 11346, to read as follows:

x x x

PROVIDED, FURTHER, THAT THE ALLOCATION FOR UNIVERSAL HEALTH CARE UNDER SECTION 288-A SHALL BE BASED ON THE COLLECTION OF THE SECOND FISCAL YEAR PRECEDING THE CURRENT FISCAL YEAR.

At this juncture, the session was suspended and resumed shortly thereafter.

Page 16

- Renumber the succeeding sections accordingly, subject to style;

PACQUIAO AMENDMENT

On page 12, after line 25, as proposed by Senator Pacquiao and accepted by the Sponsor, there being no objection, the Body approved to insert a new paragraph to read as follows:

THE FOOD AND DRUG ADMINISTRATION (FDA) SHALL PERIODICALLY REGULATE CONSISTENT WITH EVOLVING MEDICAL AND SCIENTIFIC STUDIES, THE MANUFACTURE, IMPORTATION, SALE, PACKAGING, ADVERTISING, AND DISTRIBUTION OF HEATED TOBACCO PRODUCTS AS MAY BE AUTHORIZED BY LAW, INCLUDING BANNING ON SALE TO NONSMOKERS AND PERSONS WITH AGE

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LOWER THAN TWENTY ONE (21) YEARS OLD.

Senator Recto pointed out that HTPs are a product of tobacco and as such, should be regulated by the Interagency Council-Tobacco. Senate President Sotto said that the regulation is not by the FDA since research still needs to be done on e-cigarettes which use vapor and are different from heated tobacco.

Senator Pacquiao believed that the provision ought to be included because there is a need to institutionalize the regulation of currently heated tobacco products which are not under any regulatory body.

Senator Zubiri said that Senator Recto has an objection to the proposal of Senator Pacquiao because there is already a regulatory body in charge of handling tobacco products. Senate President Sotto clarified that Senator Recto was pointing out the redundancy because of the existing tobacco regulation.

Senator Cayetano explained that she accepted the amendment of Senator Pacquiao because the Body considered HTPs as a safer products and as such, they should be taxed at half the prize of a regular cigarette, and that they should be regulated similarly to e-cigarettes and not more closely to vapes than to tobacco products. She said that she accepted the amendment also because these are similar products that are regulated by different bodies. However, she noted that the Body decided that the tax being imposed is not the same as what is imposed on cigarettes.

Senator Tolentino inquired from Senator Recto if his objection to the proposal of Senator Pacquiao to have it placed under the Food and Drug Administration was anchored on the jurisdiction of the IAC-Tobacco over HTPs.

Senator Recto replied that the tobacco products are regulated by the interagency council, thus it would be unfair if the HTPs which is a less harmful product, is regulated differently from the tobacco products because it is essentially tobacco.

Asked whether the vote would be whether or not to retain the interagency as the governing body for the heated tobacco products as against the FDA proposal coming from Senator Pacquiao, Senate President Sotto answered in the affirmative.

But Senator Tolentino pointed out that the regional trial court issued a TRO precisely because of the apparent confusion as to which regulatory body would be issuing the regulation; the court noted that it was the DOH that issued the regulation when it should be the IAC-Tobacco which is composed of different agencies.

Senator Cayetano stated that she too was frustrated over the interagency's failure to issue any regulatory guidelines on the use of cigarettes.

DIVISION OF THE HOUSE

At this point, the Chair called for a division of the House as it requested those in favor of the amendment to raise their hands and, thereafter, requested those against it to do the same.

With 10 members voting in favor, nine against, and one abstention, the amendment of Senator Pacquiao was carried.

Senate President Sotto clarified that he cast an affirmative vote even though he was not in favor of the proposal of Senator Pacquiao as a show of support for the chairman of the Committee of Ways and Means.

**MANIFESTATION
OF SENATOR CAYETANO**

As regards the issues raised by Senator Recto on the removal of VAT on prescription medicines, Senator Cayetano stated that there was no need to entertain a motion because even as she would have preferred that she be given the opportunity to study a little bit more the issues so that she could present it to the Body in more detail and to be able to assist both the DOH and the DOF in using the limited resources available in determining which program of the government it should be used, such as for infrastructure, purchase of medicine, human resources, and purchase of equipment and that she would never change her position on the matter as chairperson, she would submit to the decision of the majority. She said that there was no reason to divide the House as she was withdrawing her rejection of the amendment.

APPROVAL OF THE RECTO AMENDMENT

With the withdrawal of Senator Cayetano's



objection, submitted to a vote and there being no objection, the amendment of Senator Recto as regards exempting from VAT the sale and importation of prescription medicines was approved by the Body.

AMENDMENT TO THE TITLE

On the title of the bill, as proposed by Senator Recto, and accepted by the Sponsor, there being no objection, the title of the bill was reworded to read as:

AN ACT AMENDING SECTIONS 109, 141, 142, 143, 144, 147, 263, 263-A, 265, AND 288-1 OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES.

TERMINATION OF THE PERIOD OF INDIVIDUAL AMENDMENTS

There being no other individual amendment, upon motion of Senator Zubiri, there being no objection, the Body closed the period of individual amendments.

APPROVAL OF SENATE BILL NO. 1074 ON SECOND READING

Submitted to a vote, there being no objection, Senate Bill No. 1074 was approved on Second Reading.

MANIFESTATION OF SENATOR CAYETANO

Senator Cayetano recalled that Senator Gordon was on official mission in Geneva at the time when the committee report was filed and that was the only reason why his signature was not affixed to the committee report.

PRESIDENTIAL CERTIFICATION

Upon direction of the Chair, Secretary Villarica read the President's certification as to the necessity of the immediate enactment of Senate Bill No. 1074 to wit:

**MALACAÑANG PALACE
MANILA**

November 12, 2019

SEN. VICENTE C. SOTTO III
Senate President
The Philippine Senate
Pasay City

Mr. Senate President:

Pursuant to the provisions of Article VI, Section 26 (2) of the 1987 Constitution, I hereby certify to the necessity of the immediate enactment of Senate Bill No. 1074, entitled:

"AN ACT INCREASING THE EXCISE TAX ON ALCOHOL PRODUCTS, HEATED TOBACCO PRODUCTS AND VAPOR PRODUCTS, AMENDING FOR THIS PURPOSE SECTIONS 141, 142, 143, 144, 147, 150 AND 288 OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES,"

to address the urgent need to generate additional revenue to support the effective implementation of the Universal Health Care Act and to further protect the right to health of the people.

Best regards.

Very truly yours,

(Sgd.) RODRIGO ROA DUTERTE

APPROVAL OF SENATE BILL NO. 1074 ON THIRD READING

In view of the presidential certification, upon motion of Senator Zubiri, there being no objection, the Body considered, on Third Reading, Senate Bill No. 1074.

Pursuant to Section 67, Rule XXIII of the Rules of the Senate, upon motion of Senator Zubiri, the Secretary of the Senate read only the title of the bill, to wit:

AN ACT AMENDING SECTIONS 109, 141, 142, 143, 144, 147, 263, 263 (A), 265 AND 288 (A) OF REPUBLIC ACT NO. 8424, AS AMENDED, OTHERWISE KNOWN AS THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED, AND FOR OTHER PURPOSES

Secretary Villarica called the roll for nominal voting.

RESULT OF THE VOTING

In favor

Angara	Marcos
Binay	Pacquiao
Cayetano	Pangilinan
Dela Rosa	Poe
Drilon	Recto
Gatchalian	Sotto
Gordon	Tolentino
Hontiveros	Villanueva
Lacson	Villar
Lapid	Zubiri

Against

None

Abstention

None

With 20 affirmative votes, no negative vote, and no abstention, Senate Bill No. 1074 was approved on Third Reading.

ACKNOWLEDGMENT OF THE PRESENCE OF GUESTS

At this juncture, Senator Cayetano acknowledged the presence in the gallery of the following guests who stayed to witness the passage of Senate Bill No. 1074:

- Action for Economic Reforms;
- Philippine Legislators Committee on Population Development;
- ASH Philippines;
- Philippine College of Physicians;
- Hepatology Society of the Philippines;
- Philippine College of Chest Physicians;
- Philippine Medical Association;
- Social Watch Philippines;
- Aktibong Kilusan Tungo sa Iisang Bayan (AKTIB);
- PUP Central Student Council;
- Ayos na Gamot sa Abot kayang Presyo (AGAP);

- Health Justice Philippines;
- Youth for Sin Tax Movement;
- Bloomberg Initiative for Global Road Safety;
- Legal Development Program;
- Public Service Labor Independent Confederation;
- National Public Workers Congress;
- National Federation of Junior Philippine Institute of Accountants;
- PUP Viva Voce;
- Sigaw ng Kabataan Coalition;
- Junior Philippines Economic Society;
- Youth Alliance for Health Reform;
- Confederation of Older Persons Association of the Philippines;
- FCTC Alliance Philippines;
- Philippine Society of Gastroenterology;
- Asia Pacific Association for the Study of the Liver;
- Philippine Tuberculosis Society;
- Tropical Disease Foundation;
- Rural Poor Institute for Land and Human Rights Services;
- College of Saint Benilde;
- Central Student Government;
- Ang Nars;
- Philippine Pediatric Society;
- Move Manila;
- Affiliated Network for Social Accountability in East Asia and the Pacific; and
- The Safe Travel Alliance.

Senate President Sotto welcomed the guests to the Senate.

BIRTHDAY GREETINGS

Senator Zubiri greeted Senator Pacquiao who was celebrating his birthday the following day.

SUSPENSION OF SESSION

Upon motion of Senator Zubiri, the session was suspended.

It was 11:14 p.m.



RESUMPTION OF SESSION

At 11:15 p.m., the session was resumed.

SENATE CONFEREES

Upon nomination by Senator Zubiri, there being no objection, Senate President Sotto designated the following senators to constitute the Senate panel in the Bicameral Conference Committee on the disagreeing provisions of Senate Bill No. 1074 and House Bill No. 1026:

Chair : Cayetano

Members :

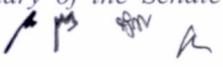
Recto	Drilon
Marcos	Tolentino

ADJOURNMENT OF SESSION

Upon motion of Senator Zubiri, there being no objection, the Chair declared the session adjourned until three o'clock in the afternoon of the following day.

It was 11:16 p.m.

I hereby certify to the correctness of the foregoing.


ATTY. MYRA MARIE D. VILLARICA
Secretary of the Senate


Approved on January 20, 2020