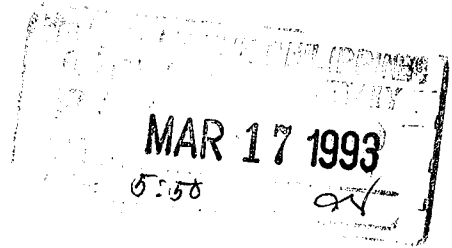


NINTH CONGRESS OF THE REPUBLIC )  
OF THE PHILIPPINES )  
First Regular Session )

S E N A T E



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COMMITTEE REPORT NO. 112

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Submitted by the Committee on Ways and Means on MAR 17 1993

RE: Senate Bill No. 1168, prepared by the Committee

Recommending its approval in substitution of S. No. 1064

Sponsors: Senators Herrera, Angara, Maceda, Romulo, Ople and  
Guingona, Jr.

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MR. PRESIDENT:

The Committee on Ways and Means, to which was referred  
S. No. 1064, introduced by Senators Herrera, Angara, Maceda,  
Romulo, Ople and Guingona, Jr., entitled:

**"AN ACT REQUIRING ALL GOVERNMENT- OWNED OR  
CONTROLLED CORPORATIONS TO DECLARE FIFTY  
PERCENTUM OF THEIR ANNUAL NET PROFIT AS  
CASH DIVIDENDS TO THE NATIONAL  
GOVERNMENT"**

has considered the same and has the honor to report it back to  
the Senate with the recommendation that the attached bill S. No.  
1168, prepared by the Committee, entitled:



**"AN ACT REQUIRING ALL GOVERNMENT-OWNED OR  
CONTROLLED CORPORATIONS TO DECLARE CASH  
DIVIDENDS UNDER CERTAIN CONDITIONS TO  
THE NATIONAL GOVERNMENT AND FOR OTHER  
PURPOSES"**

be approved in substitution of S. No. 1064 with Senators Herrera,  
Angara, Maceda, Romulo, Ople and Guingona, Jr. as authors.

Respectfully submitted:

**ERNESTO F. HERRERA**  
Chairman  
Committee on Ways and Means

VICE-CHAIRMAN:

*[Handwritten signature]*  
ERNESTO M. MACEDA

MEMBERS:

*[Handwritten signature]*  
NEPTALI H. GONZALES

*[Handwritten signature]*  
GLORIA M. MACAPAGAL-ARROYO

*[Handwritten signature]*  
JOHN H. OSMENA

*[Handwritten signature]*  
ANNA DOMINIQUE M.L. COSETENG

*[Handwritten signature]*  
SANTANINA T. RASUL

*[Handwritten signature]*  
BLAS F. OPLE

*[Handwritten signature]*  
LETICIA RAMOS-SHAHANI

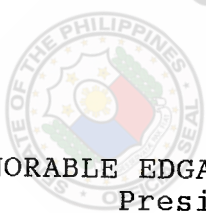
*[Handwritten signature]*  
RAMON B. REVILLA

EX-OFFICIO MEMBERS:

*[Handwritten signature]*  
TEOFISTO T. GUINGONA, JR.  
Senate President Pro Tempore

*[Handwritten signature]*  
ALBERTO G. ROMULO  
Majority Leader

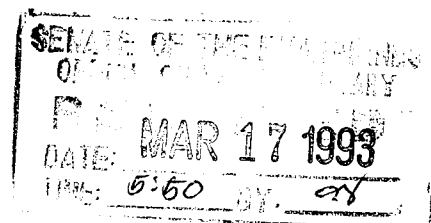
*[Handwritten signature]*  
WILBERTO E. TANADA  
Minority Leader



HONORABLE EDGARDO J. ANGARA  
President  
Senate  
Manila

comre:snol064  
/psl

NINTH CONGRESS OF THE REPUBLIC)  
OF THE PHILIPPINES )  
First Regular Session )



S E N A T E

S. No. 1168

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Introduced by Senators Herrera, Angara, Maceda, Romulo,  
Ople and Guingona, Jr.  
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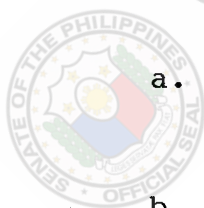
AN ACT  
REQUIRING ALL GOVERNMENT-OWNED OR CONTROLLED CORPORATIONS TO  
DECLARE CASH DIVIDENDS UNDER CERTAIN CONDITIONS TO THE  
NATIONAL GOVERNMENT AND FOR OTHER PURPOSES

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

1           SECTION. 1. Declaration of Policy. - It is hereby  
2 declared a policy that the government must equitably share  
3 in the earnings of government-owned or controlled  
4 corporations to augment budgetary resources for development  
5 programs without impairing the viability of these entities  
6 and the purposes for which they have been established and  
7 without prejudicing their corporate creditors and private  
8 shareholders, if any.

9           SEC. 2. Definition of Terms:

10           a. "Government" means the National  
11 government.  
12           b. "Government-owned or controlled corporations"  
13 are corporations created by special law or  
14 organized under the Corporation Code in which  
15 the Government, directly or indirectly, has  
16 ownership of the majority capital or has  
17 voting control; Provided, That an acquired  
18 asset corporation as defined in the next  
19 paragraph and state universities and colleges



1 shall not be considered as a government-owned  
2 or controlled corporation for purposes of  
3 this Act; and

4 c. "Acquired asset corporation" is a corporation  
5 (1) which is under private ownership, the  
6 voting or outstanding shares of which (i)  
7 were conveyed to the government or to a  
8 government agency, instrumentality or  
9 corporation in satisfaction of debts whether  
10 by foreclosure or otherwise, or (ii) were  
11 duly acquired by the government through final  
12 judgement in a sequestration proceeding; or  
13 (2) which is a subsidiary of a government  
14 corporation organized exclusively to own and  
15 manage, or lease, or operate specific  
16 physical assets acquired by a government  
17 financial institution in satisfaction of  
18 debts incurred therewith, and which by law or  
19 enunciated policy is required to be disposed  
20 of to private ownership within a specified  
21 period of time.



22 **SEC. 3. Cash Dividends.** - (a) All government-  
23 owned or controlled corporations shall  
24 declare twenty-five per centum (25%) of their  
25 annual net earnings as cash dividends to the  
26 Government except as otherwise herein  
27 provided. (b) Government-owned or controlled  
28 corporations with private minority  
29 shareholders shall remit cash dividends to

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- 3 -

1 the Government as declared by their  
2 respective governing boards. (c) Cash  
3 dividends accruing to the Government shall be  
4 received by the National Treasury and  
5 recorded as income of the General Fund.

6 **SEC. 4. Exceptions.** - The provisions of the preceding  
7 Section notwithstanding, the following entities are not  
8 covered by this Act:

- 9 a. Government Service Insurance System;  
10 b. Social Security System;  
11 c. Home Development Mutual Fund;  
12 d. Employment Compensation Commission;  
13 e. Overseas Workers Welfare Administration;  
14 f. Philippine Amusement and Gaming Corporation; and  
15 g. Philippine Charity Sweepstakes Office.

16 **SEC. 5. Flexible Clause.** - In the interest of national  
17 economy and general welfare, the fraction of net earnings  
18 that shall be declared by a corporation may be changed by  
19 the Secretary of Finance subject to rules and regulations to  
20 be approved by the President of the Philippines.

21 **SEC. 6. Rules and Regulations.** - The Secretary of  
22 Finance shall formulate all other necessary rules and  
23 regulations within sixty (60) days from the effectivity of  
24 this Act and shall exercise primary jurisdiction in its  
25 implementation.

26 **SEC. 7. Penal Sanctions.** - Any member of the governing  
27 board, chief executive officer and chief financial officer

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1 of a government-owned or controlled corporation who  
 2 willfully violates any of the provisions of this Act or  
 3 any of the implementing rules and regulations  
 4 promulgated thereunder shall, in addition to other  
 5 sanctions provided by law, upon conviction thereof,  
 6 suffer the penalty of a fine of not less than ten  
 7 thousand pesos nor more than fifty thousand pesos or  
 8 imprisonment of not less than one (1) year but not more  
 9 than three (3) years or both at the discretion of the  
 10 Court.

11 SEC. 8. Repealing Clause. - Effective upon approval of  
 12 this Act, all government-owned or controlled corporations  
 13 whose profit distribution is provided by their respective  
 14 charters or by special law shall declare cash dividends to  
 15 the Government as provided for in this Act. Accordingly,  
 16 the provisions contained in the following, insofar as they  
 17 preclude the declaration of cash dividends to the  
 18 Government, are hereby repealed:

- 19 a. Section 11 of Executive Order No. 903, as  
 20 amended, concerning the Manila International  
 21 Airport Authority;
- 22 b. Section 10 of Presidential Decree No. 538  
 23 concerning the Phividec Industrial Authority;
- 24 c. Section 5, fourth paragraph, of Presidential  
 25 Decree No. 243 concerning the Philippine  
 26 Veterans Investment and Development  
 27 Corporation;



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- 1           d.    Section 4 of Presidential Decree No. 244
- 2                    concerning the Philippine Veterans Assistance
- 3                    Commission;
- 4           e.    Section 14 of Presidential Decree No. 269
- 5                    concerning the National Electrification
- 6                    Administration;
- 7           f.    Section 13 of Republic Act No. 6395, as
- 8                    amended, concerning the National Power
- 9                    Corporation;
- 10          g.    Section 82 of Republic Act No. 3844
- 11                    concerning the Land Bank of the Philippines;
- 12          h.    Article X of Presidential Decree No. 252, as
- 13                    amended, concerning the Philippine
- 14                    International Trading Corporation;
- 15          i.    Section 22 of Republic Act No. 7393
- 16                    concerning the Quedan and Rural Credit
- 17                    Guarantee Corporation;
- 18          j.    Section 13 of Republic Act No. 6234, as
- 19                    amended, concerning the Metropolitan
- 20                    Waterworks and Sewerage System;
- 21          k.    Section 10 of of Presidential Decree No. 977,
- 22                    as amended, concerning the Philippine
- 23                    Fisheries Development Corporation;
- 24          l.    Section 3 of Presidential Decree No. 15, as
- 25                    amended, concerning the Cultural Center of
- 26                    the Philippines; and
- 27          m.    Section 3 of Executive Order No. 46
- 28                    concerning the Duty Free Philippines.



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1 All other laws or parts thereof, which are contrary to  
2 or inconsistent with this Act, are hereby repealed or  
3 amended accordingly.

4 **SEC. 9. Separability.** - If for any reason or  
5 reasons any part of the provisions of this Act shall be  
6 deemed to be unconstitutional or invalid, other parts  
7 or provisions hereof which are not affected thereby  
8 shall continue to be in full force and effect.

9 **SEC. 10. Effectivity.** - This Act shall take effect  
10 fifteen (15) days after its publication in the Official  
11 Gazette or in at least two (2) national newspapers of  
12 general circulation, whichever comes earlier.

Approved,

/psl  
[comre wm:snol064a]