

## RECORD OF THE SENATE

TUESDAY, NOVEMBER 26, 1991

### OPENING OF THE SESSION

*At 3:44 p.m., the Honorable Jovito R. Salonga, President of the Senate, called the Session to order.*

**The President.** Binubuksan and pulong ng Senado.

Pangungunahan tayo sa panalangin ni Senador Joseph Estrada.

*Everybody remained standing for the opening prayer.*

### PRAYER

**Senator Estrada.**

Panginoon Diyos na makapangyarihan,

Patawarin Mo po kami sa aming pagiging makasarili,

Sa aming kawalan ng pagpapahalaga sa pangangailangan ng aming kapuwa,

Sa aming di-pagkakaunawaan na nagbubunga ng alitan.

Patawarin Mo po kami sa aming pagwawalang-bahala

Sa Iyo na lumikha ng lahat

At sa hindi namin pangangalaga sa aming kapaligiran at sa kalikasan

Na ngayon ay nagdudulot ng kapahamakan sa aming bansa.

Patnubayan Mo Po ang aming bansa,

Lalo na ang aming mga pinuno sa kanilang patuloy na pagkukulang sa sambayanan.

Sa lahat ng ito, nawa ay sa Iyo Panginoon, kami tumanaw ng pag-asa at liwanag at hindi sa mga dayuhan o sino pa man.

Bigyan Mo po kami ng katatagan na magkaisa sa panahong ito na kami ay nahaharap sa mahigpit

na pagsubok upang iahon ang aming mamamayan sa kahirapan bunga ng patuloy na pananalanta ng kalikasan.

Amen.

### ROLL CALL

**The President.** Babasahin ng Kalihim ang talaan ng mga Senador.

**The Secretary.**

Senator Heherson T. Alvarez .....	Present*
Senator Edgardo J. Angara .....	Present
Senator Agapito A. Aquino .....	Present
Senator Juan Ponce Enrile .....	Present
Senator Joseph Ejercito Estrada .....	Present
Senator Neptali A. Gonzales .....	Present
Senator Teofisto T. Guingona, Jr .....	Present
Senator Ernesto F. Herrera .....	Present
Senator Sotero H. Laurel .....	Present*
Senator Jose D. Lina, Jr .....	Present
Senator Ernesto M. Maceda .....	Present
Senator Orlando S. Mercado .....	Present
Senator John H. Osmeña .....	Present
Senator Vicente T. Paterno .....	Present
Senator Aquilino Q. Pimentel, Jr .....	Present
Senator Santanina T. Rasul .....	Present*
Senator Alberto G. Romulo .....	Present
Senator Rene A.V. Saguisag .....	Present
Senator Leticia Ramos Shahani .....	Present
Senator Mamintal Abdul J. Tamano .....	Present*
Senator Wigberto E. Tañada .....	Present
Senator Victor S. Ziga .....	Present
The President .....	Present

**The President.** Labinsiyam na Senador ang dumalo sa ating pagpupulong, mayroon tayong korum.

### THE JOURNAL

**Senator Guingona.** Mr. President, I move that we dispense with the reading of the *Journal* of yesterday's session and consider the same as approved.

**The President.** Is there any objection? [*Silence*]  
The Chair hears none; the motion is approved.

The Secretary will now proceed with the reading of

\* Arrived after the roll call



Treaty and in the issue of the Land Reform Act, which I opposed vigorously, I have never taken the Floor to deliberately delay a measure, to endlessly and repeatedly ask questions that have already been answered.

So if the distinguished Sponsor wants to abbreviate the proceedings, I will just present for my amendments and we can vote on them line by line, word by word, comma by comma, until we finish all of these, because I am going to ask for an explanation of the vote every time we vote on an amendment. That is my right, and under the *Rules* of this Chamber, if I am voted down, I will ask for a nominal voting, and then I can ask for a roll call vote, and each amendment, each comma, will have to be subjected to a roll call vote. The first roll call vote might reveal the absence of a quorum.

**Senator Shahani.** Mr. President, I just want to make something clear. When I said "I do not want to argue," I meant that I did not want to argue about the figures or the figures being arrived at in a cavalier fashion. I was just limiting myself to that particular aspect of the discussion, Mr. President. But certainly, our Colleague from Cebu has every right to introduce amendments until hell freezes over.

**Senator Guingona.** Mr. President.

**The Presiding Officer [Senator Tañada].** The Majority Floor Leader.

SUSPENSION OF CONSIDERATION  
OF SENATE BILL NO. 1648

**Senator Guingona.** In view of the reservations made, I move that we suspend consideration of this measure.

**The Presiding Officer [Senator Tañada].** Is there any objection? [*Silence*] Hearing none, the motion is approved.

BILL ON SECOND READING  
Senate Bill No. 234 — Urban Development  
and Social Housing Program  
[*Continuation*]

**Senator Guingona.** Mr. President, I move that we

resume consideration of Senate Bill No. 234 as reported out under Committee Report No. 1397.

**The Presiding Officer [Senator Tañada].** Resumption of consideration of Senate Bill No. 234 is now in order.

**Senator Guingona.** I move that we recognize Senator Lina.

**The Presiding Officer [Senator Tañada].** Senator Lina is recognized.

**Senator Lina.** Thank you, Mr. President.

The parliamentary status is that we are in the period of interpellations.

**The Presiding Officer [Senator Tañada].** Is there any interpellation from the Floor?

**Senator Guingona.** The last time, Mr. President, Senator Neptali Gonzales had some objections, but I do not recall whether he reserved his right to interpellate. I do not remember that, and we have appealed to the *Record*, Mr. President.

At any rate, if he did, we can always reopen.

If there are no other interpellations, Mr. President, I move that we close the period of interpellations.

**Senator Maceda.** Mr. President.

**The Presiding Officer [Senator Tañada].** Senator Maceda is recognized.

**Senator Maceda.** Just on one point, Mr. President. Is there a new tax being imposed in connection with this measure?

**Senator Lina.** Yes, Mr. President. It is called the social housing tax, which will serve as one source of funds that will be used for social housing projects in the various towns and cities where social housing programs will be undertaken to service the housing needs of the lowest 30 percent of the population in terms of income, Mr. President.



The social housing tax will be imposed in the following manner:

For the first 500 square meters, Mr. President, that will not be taxable; it will be exempt. The next 501 to 2000 square meters, the tax rate will be .5 percent, and then the succeeding 2001 to 4000 square meters, 1 percent; in excess of 4000 square meters, 1.5 percent tax rate.

That is the structure of the Social Housing Tax. It is progressive. The first 500 square meters of residential land will be exempted from this social housing tax.

**Senator Maceda.** When we say .5 percent, is that of the market value or assessed value? What is the basis for the computation?

**Senator Lina.** The assessed value, Mr. President, which we know is much, much lower than the market value.

**Senator Maceda.** At the present time, what is the average tax that is imposed now on residential land, first, by the National Government, and second, by the cities and local government units?

**Senator Lina.** The situation varies, Mr. President. In certain cities, there is a new scheme that is being used.

In other areas, the Real Property Tax Code is the one that is being used. Mr. President, I just did not bring my copy of the Real Property Tax Code, but it is in the vicinity of 1.5 percent of the assessed value of the property.

**Senator Maceda.** Well, let us take the specific example then of Quezon City where there was a big controversy about increase in real state tax payments. My impression in the past—I really have not kept up to date with it, whether it is in the City of Manila or Quezon City—it is about 1.5 percent that is usually the maximum. So, in effect, what the Gentleman is saying is, we are increasing the tax rate anywhere from one third to one half or to even 100 percent, depending on the size of the lot.

**Senator Lina.** First, we have to reckon with the

exemption, Mr. President.

**Senator Maceda.** Yes, 500 square meters.

So, from 501 to 1000 is one-half percent.

**Senator Lina.** It is .5 percent of the assessed value. So on top of the 500 square meters, the addition is .5 percent when the land area is 501 to 2000 square meters. So the effective increase or additional imposition is .5 percent.

**Senator Maceda.** Now, I did not quite go over the report. But, is it my impression that this matter was not really taken up by the Committee on Ways and Means?

**Senator Lina.** Yes, Mr. President. Although, the matter has been under discussion for a long time.

**Senator Maceda.** All right. Be that as it may, may we know if the Committee has drawn up the estimate and the breakdown of the total tax collection that is going to be collected under this scheme.

**Senator Lina.** We have no complete estimate for the entire country, Mr. President, But Quezon City, if this scheme is adopted, can collect as much as P80 million to P120 million additional social housing tax, Mr. President.

In the City of Manila, we are just computing the figure, but it will be much lower in this city, Mr. President, because the sizes of land here are very much different compared to Quezon City. Here, there are very few areas or land sizes that go beyond 500 square meters. But, just the same, in the City of Manila this bill, if enacted into law, will also be applicable, because the city, being the premier city has extra money, or will have other sources of funds to implement a social housing program.

**Senator Maceda.** The Gentleman knows, Mr. President, first, this Representation has been consistently opposing all new tax measures. Second, the Gentleman heard the distinguished Chairman of the Committee on Finance earlier, suggesting that the budget for 1992 is going to be financed by a package of new revenue measures which would bring in around P26 or P27 billion, without which correspondingly will be an increase



in the deficit.

I would really like to look at it from a macro standpoint. I want to know, as a result of this tax, how much is going to be collected nationwide, because the law is going to be applicable nationwide.

Meaning to say, in the order of things, the first priority is to fund the national government budget which is proposed to be funded by not only about P250 billion in existing BIR taxes and customs duties, but a new package of P25 billion.

For example, if the Gentleman could give me an estimate—let us say, he tells me that this proposed social housing tax would collect P50 billion nationwide, I would like to square that with the macro picture of whether the economy, the property owners and the population as a whole, can absorb a P50 billion social housing tax, in addition to the P26 billion that is being proposed to be collected under the new package of tax measures of which this is not a part, and the increase in BIR and Bureau of Customs collections. That is what I exactly just want to find out. Whatever it is, can the people who are supposed to pay this tax, really, from a macro standpoint, afford to pay this tax?

Secondly, can they afford to pay this tax, in relation to the other new tax measures that are being proposed? If not, where does the priority lie, on this tax, on this program, or on the government budget that really applies to all programs, including housing?

**Senator Lina.** I appreciate the point raised by my distinguished Colleague. His concern is valid. We really have to see how the social housing tax is placed in the whole total revenue-raising measures that will be adopted in order to finance the operations of the entire Government next year.

However, there is something that differentiates this social housing tax from the taxes that are being contemplated, Mr. President. The social housing tax or the collection of the same shall go to the Social Housing Program of the local government unit where the tax will be collected. So, it is immediately localized, Mr. President.

For example, in Quezon City. If Quezon City is able to collect, let us say, P80 million under this Social Housing Tax Scheme, the funds will remain in Quezon City and will be placed in a trust fund exclusively for the Social Housing Program to be administered by the Quezon City government.

Number two, Mr. President. This housing program will have a macro effect on the economy. We all know that 60 to 70 products are involved in housing construction.

If we are able to push a social housing program in the country, the boost that can be generated in the economy through this housing program is something that will definitely be most welcome. This can increase employment; this can increase productivity of manufacturers of items used in housing construction.

These are also some of the benefits that we can derive out of this tax measure.

But the Gentleman is correct, Mr. President, I see the validity of the point. That we have to see the totality of the tax measures that are being contemplated by the Government in order to finance our operations in 1992.

**Senator Maceda.** Well, Mr. President, another point or another angle—and probably the Chairman of the Committee on Local Government will take this up—it is my impression that we consider real estate taxes as basically a local tax. Is that not correct, Mr. President?

**Senator Lina.** Yes, basically, Mr. President.

**Senator Maceda.** And we have, in effect, under the principle of local autonomy under the Local Government Code, reconfirmed and given that to the local government units.

Are we not going against that principle by now legislating from a national standpoint an additional percentage of a tax which is basically a local government tax?

**Senator Lina.** Mr. President, because after all, the tax will go to the local government units.



In the Local Government Code, we did assign housing as a major function of the local government units, Mr. President.

If at all, we can assign a ceiling or a range, and it is up to the local government unit to determine the applicable tax structure or the applicable rate that will be imposed in a given locality, that can be a compromise, that can be arranged, Mr. President.

But there has to be a national policy on this matter, because the housing problem is not just a concern of one town, say, an urban center in the Visayas or in Mindanao. Housing is a national problem, Mr. President.

If housing programs are concentrated in some urban centers, the tendency of the people in other areas is to go to areas where there are more opportunities, for example, for housing and for other basic services. So that if there is no national housing policy involving the appropriate taxation measure, there will not be a concerted or united approach to the housing program in the country.

We want to see the day when in Cagayan de Oro, an urban area, there is an ongoing massive housing program for the people; in Davao City, for the lowest 30 percent, there is also an ongoing massive housing program; in Zamboanga City, the same; in General Santos City, the same; in Cebu, in Iloilo and in all the urban areas, there should be a simultaneous approach to the housing program. Otherwise, if other areas are heavily benefiting or there is a massive and ongoing housing program, the tendency of the people also is to look for these areas where these opportunities are available, in addition to other economic benefits that are available in a certain area.

There is a need to set a national policy, Mr. President. But I agree that the local government units must have a hand in the imposition of this tax.

**Senator Maceda.** So, with that agreement, Mr. President, would it not be logical to consider that instead of our, again, arrogating unto ourselves what is basically a local government tax, just like in the Local Government Code, to authorize the local government units to impose this kind of a tax?

If that is their decision and they want to go into that type of a housing program in their city, understandably, out of 61 cities and, probably, out of 75 provincial capitals, I would guess that there would be at least one fourth, to be very conservative, that may not have any need for a government style mass-housing program at this time.

In that situation, they may feel, as a local government decision, that they would rather not burden their citizenry with the additional social-housing tax.

**Senator Lina.** I must disagree with the observation that there may be some areas in the country, cities or urban centers, where there is no necessity for a social-housing program, Mr. President. I made a study on the matter.

Just on the income profile of workers in Government, Mr. President, there is no way by which a teacher or a policeman, especially if there is only one breadwinner in the family, who can afford to have his own house and lot, no matter how small it is, with the present cost of housing construction. If we talk of a decent and affordable housing, it is almost beyond the reach of a common or even an average family—a teacher or a policeman. That is based on the initial studies, that is based on the general knowledge that we have obtained as we go around the various urban centers, that there is a clamor always for a housing program that is based on the affordability level of the workers, say, teachers, policemen or rank and file employees.

The difficulty, Mr. President, is that housing is somehow neglected even in many parts of the country. There seems to be no serious and earnest effort on the part of many local executives because they thought that housing is the function of the National Government.

By that Local Government Code provision assigning housing as one of the functions of the local government units, they really have to be somehow directed to go towards this objective of providing housing to their constituents.

**Senator Maceda.** Mr. President, I do not disagree with the Gentleman. But my own estimate of the situation is that not so much that there is not enough priority



being given for housing, but because the principal priority has got to be, at this time, to allow our people to eat three times a day. Meaning to say that when we have a situation where we have five million unemployed, the main thrust of any program, whether national, provincial, or local has got to be to allow them to eat three times a day before we even think of devoting such a substantial amount of money to housing over and above what they have right now.

I would think that that is the real score.

**Senator Lina.** There is no question that of the three basic needs, food would rank number one. But there is also the factor, the study that has been conducted that by making a family secure in their homes, productivity increases.

Based on our readings, the productivity of a family increases almost double, or almost triple, if they feel that their house will not be demolished. For example, here in the urban areas, and as Senator Tanada would also attest, we are always deluged with letters or complaints asking our help to stop demolitions. When people get this feeling that their houses will be demolished, even if they are able to work, their productivity is diminished to a big extent.

While we prioritize on food, we have to think also of the housing requirements of the people. We are not talking of building big houses, Mr. President. For those who have gone to social housing programs, *ang hinihingi po lamang nila ay 20 square meter floor area of a house in a 60 square meter lot. Iyan lamang ang requirement. Puwedeng i-start up ito sa areas na malalaki pa ang lupa, mga 100 square meters, dahil mababa naman iyong presyo ng lupa. Kahit na 20 square meters lamang iyong bahay ay puwede naman. Hindi po naman P50 billion itong ating pinag-uusapan.*

**Senator Maceda.** *Wala pa nga tayong figure kung magkano ang lalabas sa tax na ito.*

**Senator Lina.** We can only make examples of some

cities that have available computation, Mr. President. Based on that sample, we can make a general conclusion by citing some parameters or guideposts in the final tax structure that will be allowable under a formula that we have initially suggested whereby the local government units will be the one given the greater responsibility in the imposition of the tax.

**Senator Guingona.** Mr. President.

The Presiding Officer [Senator Tañada]. The Majority Floor Leader.

#### SUSPENSION OF CONSIDERATION OF SENATE BILL NO. 234

**Senator Guingona.** Mr. President, with the permission of the two Gentleman on the Floor, due to time constraint, I move that we suspend consideration of this measure, with the reservation that Senator Maceda will continue with his interpellation.

**The Presiding Officer** [Senator Tañada]. Is there any objection? [*Silence*] Hearing none, the same is approved.

**Senator Guingona.** Mr. President, tomorrow, we will take up the General Appropriations Bill, the bill Creating the Baselands Conversion Authority, the Postal Delivery Corporation, the Overseas Shipping Bill, the Urban Development and Housing Program, the Build, Operate and Transfer Act, the motion for reconsideration of the Palawan Development, the Civil Service Code, and Third Reading on ten local bills.

#### ADJOURNMENT OF THE SESSION

Mr. President, I move that we adjourn the session until three o'clock tomorrow afternoon.

**The Presiding Officer** [Senator Tañada]. The session is adjourned until three o'clock tomorrow afternoon, if there is no objection. [*There was none.*]

*It was 7:01 p.m.*