

REPUBLIKA NG PILIPINAS
SANGGUNIANG PANLUNGSOD
LUNGSOD NG ORMOC



EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE ELEVENTH
SANGGUNIANG PANLUNGSOD NG ORMOC HELD AT THE HONORABLE
PLACIDO ENECIO HALL, SANGGUNIANG PANLUNGSOD
BUILDING ON OCTOBER 01, 2009

PRESENT:

Hon. Claudio P. Larrazabal,	Acting Vice Mayor & Presiding Officer (City Councilor, Floor Leader)
Hon. Sotero M. Pepito,	City Councilor, Assist. Floor Leader
Hon. Demosthenes F. Tugonon,	City Councilor
Hon. Mariano Y. Corro,	City Councilor
Hon. Fe S. Lladoc,	City Councilor
Hon. Filomeno P. Maglasang,	City Councilor
Hon. Rafael C. Omega, Jr.,	City Councilor
Hon. Fernando P. Parrilla,	City Councilor
Hon. Jose C. Alfaro, Jr.,	City Councilor
Hon. Lea Doris C. Villar,	Ex-Officio City Councilor, Chapter President, Liga ng mga Barangay ng Ormoc
Hon. Corinne M. Corro,	Ex-Officio City Councilor, SK Federation President

ABSENT:

Hon. Nepomuceno P. Aparis I,	(Acting City Mayor), Vice Mayor & Presiding Officer
Hon. Ruben R. Capahi,	(On Leave), City Councilor

RESOLUTION NO. 2009-190

A RESOLUTION SUPPORTING WITH MODIFICATION THE ENACTMENT INTO LAW OF S.B. NO. 3147, ENTITLED: "AN ACT IMPOSING A UNIFORM FRANCHISE TAX ON DISTRIBUTION UTILITIES ENJOYING LEGISLATIVE FRANCHISE IN LIEU OF ANY AND ALL TAXES COLLECTED BY THE GOVERNMENT WITH THE END IN VIEW OF REDUCING THE COST OF ELECTRICITY BORNE BY CONSUMERS" INTRODUCED BY SENATE PRESIDENT JUAN PONCE ENRILE.

WHEREAS, there is now pending in the Philippine Senate, S.B. No. 3147, entitled: "A UNIFORM FRANCHISE TAX ON DISTRIBUTION UTILITIES ENJOYING LEGISLATIVE FRANCHISE IN LIEU OF ANY AND ALL TAXES COLLECTED BY THE GOVERNMENT WITH THE END IN VIEW OF REDUCING THE COST OF ELECTRICITY BORNE BY CONSUMERS" introduced by Senate President Juan Ponce Enrile;

WHEREAS, the Declaration of Policy of the aforementioned bill, Section 1 thereof, is very laudable and highly commendable, which reads: "It is hereby declared the policy of the State to promote the public interest by ensuring the affordability and steady supply of electricity to the end-users";

WHEREAS, Section 2 thereof, which can be considered the soul of the bill, not only reverts to the previous scheme of taxation where franchise tax was being collected on distribution utilities instead of the current VAT, but likewise grants several tax exemptions to the distribution utilities;

WHEREAS, the reversion to the franchise tax system instead of the VAT system is most welcomed and highly appreciated, as this will relieve the electric consumers of the burden of paying the VAT which they are presently paying;

WHEREAS, however, the several tax exemptions granted to distribution utilities will not directly benefit the electric consumers but will only enhance the profit of the distribution utilities, as these taxes which will be exempted under the bill, are properly cost of doing business;

WHEREAS, the contemplated tax exemptions moreover will greatly prejudice LGUs as they are deprived in collecting these taxes from distribution utilities, hence restricting their power to create its own revenues and to levy taxes, fees and charges, and moreover, curtail LGUs enjoyment of local autonomy;

WHEREAS, it is most respectfully suggested/recommended that the bill's provision be focused to the imposition of the franchise tax on distribution utilities in lieu of the currently imposed VAT which is passed on to the electric consumers, and that distribution utilities should be prohibited in shifting to the consumers the franchise tax, and finally to delete the tax exemptions provision therein;

WHEREAS, it is also recommended that a law be passed prohibiting energy utility companies from passing on the cost of functions which are inherent to their kind of business to the end users or consumers, such as but not limited to the cost of distribution and wheeling charges, cost of collection charges, transmission charges, universal charges and most especially system loss charges where many other charges are hidden;

FOREGOING PREMISES CONSIDERED, on MASS MOTION of the Body; be it

RESOLVED, AS IT IS HEREBY RESOLVED, to pass a resolution SUPPORTING WITH MODIFICATION THE ENACTMENT INTO LAW OF S.B. NO. 3147, ENTITLED: "AN ACT IMPOSING A UNIFORM FRANCHISE TAX ON DISTRIBUTION UTILITIES ENJOYING LEGISLATIVE FRANCHISE IN LIEU OF ANY AND ALL TAXES COLLECTED BY THE GOVERNMENT WITH THE END IN VIEW OF REDUCING THE COST OF ELECTRICITY BORNE BY CONSUMERS" INTRODUCED BY SENATE PRESIDENT JUAN PONCE ENRILE;


ADOPTED, October 1, 2009.


RESOLVED, FURTHER, to furnish copies of this resolution to - the President of the Senate, Hon. Juan Ponce Enrile, the Speaker of the House of Representative, Hon. Prospero Nograles, the Representative of the 4th District of Leyte, Hon. Eufrocino M. Codilla, Sr., the City Mayor of Ormoc, Hon. Eric C. Codilla, and others concerned;

CARRIED UNANIMOUSLY.

I HEREBY CERTIFY to the correctness of the foregoing resolution.

ATTESTED:


JOEL S. DUERO
Secretary to the
Sangguniang Panlungsod


CLAUDIO P. LARRAZABAL
Acting Vice Mayor & Presiding Officer
(City Councilor, Floor Leader)