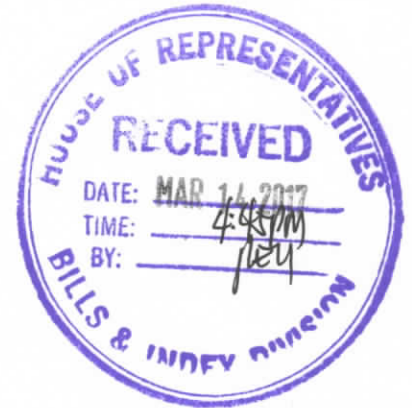




Republic of the Philippines  
**House of Representatives**  
Quezon City, Metro Manila



**SEVENTEENTH CONGRESS**

First Regular Session

**HOUSE RESOLUTION No. 882**

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**Introduced by REPRESENTATIVES RODOLFO C. FARIÑAS,  
JUAN PABLO "RIMPY" P. BONDOC and AURELIO "DONG" D.  
GONZALES, JR.**

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**RESOLUTION**

**DIRECTING THE COMMITTEE ON GOOD GOVERNMENT AND PUBLIC ACCOUNTABILITY TO CONDUCT AN INQUIRY, IN AID OF LEGISLATION, IN REGARD TO THE USE BY THE PROVINCIAL GOVERNMENT OF ILOCOS NORTE OF ITS SHARES FROM THE EXCISE TAXES ON LOCALLY MANUFACTURED VIRGINIA-TYPE CIGARETTES OR THE SPECIAL SUPPORT FUND UNDER REPUBLIC ACT NO. 7171 FOR A PURPOSE OTHER THAN THOSE PROVIDED FOR BY THE SAID LAW, IN ITS HIGHLY IRREGULAR PURCHASE OF MOTOR VEHICLES MADE THROUGH CASH ADVANCES WITHOUT THE BENEFIT OF PUBLIC BIDDINGS FOR THE TOTAL AMOUNT OF SIXTY SIX MILLION FOUR HUNDRED FIFTY THOUSAND PESOS (PHP66,450,000.00)**

**WHEREAS**, under Republic Act No. 7171, otherwise known as "An Act to Promote the Development of the Farmer in the Virginia Tobacco Producing Provinces", it is a declared policy of the State to extend special support to the farmers of the Virginia tobacco-producing provinces inasmuch as these farmers are the nucleus of the Virginia tobacco industry which generates a sizeable income, in terms of excise taxes from locally manufactured Virginia-type cigarettes and customs duties on imported blending tobacco, for the National Government;

*[Handwritten signatures]*

**WHEREAS**, it is likewise a declared policy that the special support for these provinces shall be in terms of financial assistance for developmental projects to be implemented by the local governments of the provinces concerned;

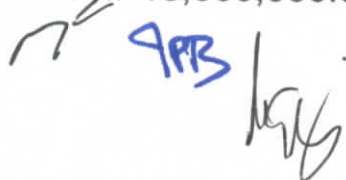
**WHEREAS**, the law provides that 15% of the excise taxes collected from the manufacture of locally produced Virginia-type cigarettes shall be allotted as a special support fund for the Virginia tobacco producing provinces which shall be divided among the beneficiary provinces *pro rata* according to the volume of Virginia tobacco production;

**WHEREAS**, the special support fund shall be utilized to advance the self-reliance of the tobacco farmers through:

- a. Cooperative projects that will enhance better quality of products, increase productivity, guarantee the market and as a whole increase farmer's income;
- b. Livelihood projects particularly the development of alternative farming systems to enhance farmers' income;
- c. Agro-industrial projects that will enable tobacco farmers in the Virginia tobacco producing provinces to be involved in the management and subsequent ownership of these projects such as post-harvest and secondary processing like cigarette manufacturing and by-product utilization; and
- d. Infrastructure projects such as farm-to-market roads.

**WHEREAS**, the Provincial Government of Ilocos Norte made purchases amounting SIXTY SIX MILLION FOUR HUNDRED FIFTY THOUSAND PESOS (PHP 66,450,000.00) in three (3) separate transactions of motor vehicles through cash advances from its shares in the excise tax of tobacco pursuant to RA No. 7171, as follows:

- a. Check dated December 1, 2011, "to cash advance the amount needed for the purchase of 40 units Mini cab for distribution to the different barangays of Ilocos Norte as per supporting papers hereto attached to the amount of ....." EIGHTEEN MILLION SIX HUNDRED THOUSAND PESOS (PhP18,600,000.00);

Handwritten signature and initials in blue ink, including the letters 'APB' and a stylized signature.

- b. Check dated May 25, 2012, "to cash advance the amount needed for the purchase of 5 units Buses as per supporting papers hereto attached to the amount of ....." FIFTEEN MILLION THREE HUNDRED THOUSAND PESON (PhP15,300,000.00), which were all second hand units; and
- c. Check dated September 12, 2012, "To Cash Advance payment of 70 units Foton Mini Truck for distribution to different municipalities of Ilocos Norte as per supporting papers hereto attached in the amount of ...." THIRTY TWO MILLION FIVE HUNDRED FIFTY THOUSAND PESON (PhP32,550,000.00).

**WHEREAS**, the purchases by way of cash advances of the subject vehicles for the gigantic amount of SIXTY SIX MILLION FOUR HUNDRED FIFTY THOUSAND PESOS (PHP 66,450,000.00) were in blatant violation of the provisions of RA No. 7171, as well as RA No. 9184 or the "Government Procurement Reform Act", and Presidential Decree No. 1445 or the "Government Auditing Code of the Philippines".

**NOW THEREFORE, BE IT RESOLVED, AS IT IS HEREBY RESOLVED**, to direct the Committee on Good Government and Public Accountability to conduct an inquiry, in aid of legislation, regarding the use by the Province of Ilocos Norte of its shares from the excise taxes on locally manufactured Virginia-type cigarettes or the Special Support Fund under RA No. 7171 for purposes other than those provided for by the said law, in its highly irregular purchase of motor vehicles made through cash advances without the benefit of public biddings.

Adopted,

  
RODOLFO C. FARIÑAS

  
JUAN PABLO "RIMPY" P. BONDOC

  
AURELIO "DONG" D. GONZALES, JR.