

AN ACT AMENDING SECTION ONE OF REPUBLIC ACT NUMBERED ONE THOUSAND, ENTITLED "AN ACT AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO ISSUE BONDS TO FINANCE PUBLIC WORKS AND PROJE...

REPUBLIC ACT NO. 4861, September 08, 1966

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

SECTION 1. Section one of Republic Act Numbered One thousand is hereby amended to read as follows:

"SECTION 1. Upon the recommendation of the Secretary of Finance, the Monetary Board, and the National Economic Council, the President of the Philippines is authorized to issue, preferably in the Philippines, or abroad if necessary, in the name and in behalf of the Republic of the Philippines bonds in an amount not exceeding two billion pesos to finance public works and self-liquidating projects for economic development, which are authorized by law, including expropriation of lands for subdivision and resale to individuals, or to repay or service bonded obligations of the Government incurred for such projects: Provided, however, That no single issue shall exceed two hundred million pesos and that no further issue shall be made if eighty per centum of the immediately preceding issue has not been sold: And, provided, further, That not more than twenty-five per centum of any issue is spent for non-self-liquidating and non-revenue-producing projects. A self-liquidating project is defined as one which directly generates revenue to at least pay for its cost within the maturity period of bonds issued for the purpose. Cost is denned as actual cost of the project plus interest payments and service charges. Investments in the self-liquidating projects in provinces, cities, and municipalities shall be limited by the paying capacity of the province, city or municipality to be certified by the Secretary of Finance: Provided, That the probable income from such projects shall be taken into consideration: Provided, finally, That not more than live per centum of this bond issues shall be used to pay unserviced government obligations, loans and advances, secured or unsecured, guaranteed by the National Government, made by government-owned or controlled financial institutions other than the Central Bank, to government political subdivisions, offices and instrumentalities, and/or other loans committed by government-owned and/or controlled financial institutions, other than the Central Bank, guaranteed by the Government.

"The bonds shall be issued in such amounts as will be needed at any one time, with maturities of not less than five years taking into account the rate at which said bonds may be absorbed by the buying public and the fund requirements of projects ready for execution and taking into consideration further a proper balance between productive and non-productive projects so that inflation shall be held to the minimum: Provided, That in periods of inflation or as long as inflationary dangers exist, not more than thirty per cent of the new issue in any fiscal year may be absorbed by the Central Bank of the Philippines, either directly or indirectly.

"The Secretary of Finance, in consultation with the Monetary Board, shall prescribe the form, the rate of interest, the denominations, maturities, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption and payment of all bonds issued under the authority of this Act.

"The bonds issued under the authority of this section may be made payable both as to principal and interest, in Philippine currency or any readily convertible foreign currency.

"Nothing in this section shall be interpreted to mean that the Secretary of Finance, In the redemption of securities, is prevented from applying the lottery principle by which bonds, drawn by lot, may be redeemed before maturity either at their face value or above.

"The bonds to be issued under this Act shall be exempt from taxation, including the tax on foreign exchange, by the Government of the Republic of the Philippines or by any political or municipal subdivision thereof, which fact shall be stated on their face in accordance with this Act under which the said bonds are issued and shall likewise be exempt from attachment, execution or seizure."

SEC. 2. The implementation of this Act shall be subject to, and governed by, the provisions of Executive Order Numbered Two hundred thirty-six, dated February 18, 1957, prescribing procedures for the planning of development finances, the issuance of government securities, and the disbursement of proceeds, and creating the Fiscal Policy Council and the Technical Committee on Development Finances, as amended by Executive Order Numbered twenty-six, dated May 26, 1966, not inconsistent with this Act, which are hereby adopted by reference and made an integral part of this Act.

SEC. 3. Any violation of the provisions of this Act shall be punishable by imprisonment for not less than one year nor more than five years, in addition to a fine of not less than one thousand pesos nor more than ten thousand pesos at the discretion of the Court: Provided, That if the offender is a public officer or employee, he shall, in addition to such imprisonment and fine, suffer perpetual disqualification to hold public office.

SEC. 2. This Act shall take effect upon its approval.

Approved, September 8, 1966.

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