

AN ACT TO ESTABLISH THE NATIONAL TOBACCO CORPORATION

Commonwealth Act No. 519, May 07, 1940

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Be it enacted by the National Assembly of the Philippines:

SECTION 1. A corporation is created which shall be known as "National Tobacco Corporation," which shall be organized within six months after the date of the approval of this Act and shall exist for a term of thirty years from the said date. The Corporation shall have its main office in the City of Manila.

SEC. 2. The National Tobacco Corporation shall have the following objects:

- To promote the effective merchandising of leaf tobacco in the domestic and foreign markets so that those engaged in the tobacco industry will be placed on a basis of economic security;
- To establish and maintain such balance between production and consumption of leaf tobacco, and such marketing conditions therefor, as will insure the payment of living wages to tobacco farmers and laborers;
- To improve the living and economic condition of tobacco farmers and laborers by the gradual and effective correction of the inequalities existing in the industry; and
- To improve the quality of the various types and varieties of leaf tobacco grown in commercial scale on the Philippines.

SEC. 3. For carrying out the foregoing objectives, the National Tobacco Corporation shall have authority:

- To buy, sell, import, export, deal in, barter, exchange, and handle in every other manner, leaf tobacco and manufactures thereof;
- To own, lease, or operate trucks, railway lines, elevators, vessels, or any other means of land, water, or aerial transportation, and warehouses, structures, machineries, and equipment of every nature and kind for the storage, handling, utilization, and sale of tobacco and manufactures thereof;
- To provide credit facilities to tobacco planters directly or through credit cooperative associations or any other class of financial institutions;
- To promote, foster, and encourage the organization of cooperative associations among tobacco producers or dealers and, if conditions so warrant, to act as managers of said associations;
- To supply or help in (any manner in furnishing the necessary and adequate capital to cooperatives organized under existing law or rules and regulations promulgated thereunder; and
- To act as agent, broker, or commission merchant of producers cooperative associations or act as manufacturer's agent.

SEC 4. The National Tobacco Corporation shall be subject to the provisions of the Corporation Law in so far as the same are compatible with the provisions of this Act, and it shall enjoy the general powers mentioned in said Corporation Law in addition to those herein specified.

SEC. 5. The management of the National Tobacco Corporation shall be vested in a board of directors consisting of five members appointed by the President of the Philippines, with the consent of the Commission on Appointments of the National Assembly. The President of the Philippines shall appoint the chairman of the board from among its members who shall act as the general manager.

Of the five directors first appointed as above prescribed, the President of the Philippines shall designate one to serve for one year, one for two years, one for three years, one for four years, and one for five years; and thereafter, each director appointed shall serve for five years. Whenever a vacancy shall occur among the directors, the person appointed to fill it shall hold office, for the unexpired term of the member whose place he is selected to fill. Any director shall be subject to removal by the President of the Philippines. Three members of the board of directors shall constitute a quorum for the transaction of business.

Before entering upon the discharge of their duties, each of the directors shall take the oath prescribed by law.

The members of the board shall each receive a per diem of not to exceed twenty pesos for each day of meeting actually attended by them, except the general manager of fifteen thousand pesos per annum and which shall be fixed by the President of the Philippines. The provisions of paragraph eight General Provisions, section seven of Commonwealth Act Numbered Two hundred forty-six to the contrary notwithstanding, no officer or employee of the government receiving a fixed compensation or salary from public funds and serving as director of the corporation shall be paid the per diem herein provided.

The Board shall submit its annual report and balance sheets to the President of the Philippines and to the National Assembly, as provided in section five hundred and seventy-four to five hundred and seventy-seven of the Administrative Code.

SEC 6. To carry out the purposes of this Act, there is created a special fund to be known as the "Tobacco Industry Promotion Fund," which shall consist of appropriations out of the Coconut Oil Excise Tax Fund collected on and after January first, nineteen hundred and thirty-nine, to be made available as follows: Two million pesos, which is hereby appropriated, upon approval of this Act, and, thereafter, such amounts as may be provided for, from time to time, in the annual appropriation acts for the Coconut Oil Excise Tax Fund. The total sum to be made available under the provisions of this Act shall not exceed ten million pesos. The fund herein created shall be disbursed upon authority of the Board of Directors in conformity with the provisions of this Act and of the Act of Congress of March twenty-fourth, nineteen hundred and thirty-four (Public Act No. 127, 73rd Congress), as amended by the Act of Congress of August seventh, nineteen hundred and thirty-nine (Public Act No. 300, 76th Congress). All income or receipts derived from the operation of the special fund herein created shall accrue to and form part of the same and shall be available for expenditure and/or investment for the same purposes herein provided.

SEC. 7. This Act shall take effect on its approval.

Approved, May 7, 1940.

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