

[EXECUTIVE ORDER NO. 740, July 16, 2008]

ADJUSTING THE DIVIDEND RATES OF SELECTED GOVERNMENT-OWNED AND/OR CONTROLLED CORPORATIONS ON THEIR 2005 AND 2006 NET EARNINGS PURSUANT TO SECTION 5 OF REPUBLIC ACT NO. 7656

WHEREAS, Section 1, of Republic Act No. 7656 provides that:

"Section 1. **Declaration of Policy.** It is hereby declared the policy of the State that in order for the National Government to realize additional revenues, government-owned or controlled corporations, without impairing their viability and the purposes for which they have been established, shall share a substantial amount of their net earnings to the National Government."

WHEREAS, to support the viability and mandate of government owned and/or controlled corporations (GOCCs), the liquidity, retained earnings position and medium-term plans and programs of these GOCCs were considered in the determination of the reasonable dividend rates of such corporations on their 2005 and 2006 net earnings;

WHEREAS, pursuant to Section 5 of RA 7656, the Secretary of Finance recommended the adjustment on the percentage of annual net earnings that shall be declared by the Local Water Utilities Administration (LWUA).

NOW, THEREFORE, I, GLORIA MACAPAGAL-ARROYO, President of the Philippines, by virtue of the powers vested in me by law, do hereby order:

SECTION 1. The percentage of net earnings to be declared and remitted by the LWUA as dividends to the National Government as provided for under Section 3 of Republic Act No. 7656 is adjusted from at least fifty percent (50%) to fourteen percent (14%), or with an equivalent amount of not less than P50M for 2005.

SECTION 2. The adjusted dividend rate provided for under Section 1 is only applicable on 2005 net earnings of the LWUA.

SECTION 3. The percentage of net earnings to be declared and remitted by the LWUA as dividend to the National Government as provided for under Section 3 of Republic Act No. 7656 is adjusted from at least fifty percent (50%) to twenty-four percent (24%), or with an equivalent amount of not less than P137.40M for 2006.

SECTION 4. The adjusted dividend rate provided for under Section 3 is only applicable to 2006 net earnings of the LWUA.

SECTION 5. This Executive Order shall take effect immediately.