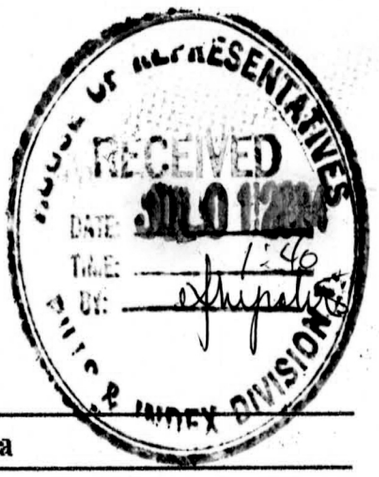
Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



THIRTEENTH CONGRESS
First Regular Session

392

HB No. _____

Introduced by **Rep. Roseller L. Barinaga**

EXPLANATORY NOTE

President Estrada and the 11th congress' priorities are 1) Food security; 2) Rural Development; and 3) Upliftment of the Standard of Living of the Poor (ERAP Para Sa Masa).

Self sufficiency in food (particularly rice and corn) will protect us from further effects of peso devaluation and the Asian Financial Crisis.

Profit is the best incentive to increasing agricultural productivity. Increased yield per hectare will result in lower cost of production.

Lack of opportunities in the rural areas forces the majority of the youth or the rural workforce to leave their farms to seek better opportunities in the urban areas. Majority of them cannot find work, become squatters and eventually cause problems to the urban communities. They even contribute to the pollution, shortage of potable water supply and transportation problems that these urban communities are already facing.

What is worse is that instead of being food producers, these rural migrants have become purely consumers thus further aggravating the food shortage.

These financially disfavored people from the rural areas as well as those coming from the urban areas become mendicants and beg for money in order to subsist. For these people to be productive and not beggars, they should be given employment.

We, the elected representatives especially those representing the Rural Areas, are all anxious to solve and correct these problems. We believe that these problems can also be solved with the help of the Local Government Units (LGUs). However the problem boils down to lack of funds which we still have to generate. There exist a huge disparity in the per capita revenue income among our LGUs. The urban areas have many ways of raising revenues such as sales tax, parking, burial, marriage fees, etc. Real Estate Tax on land is assessed by square meters, in most cases are higher than the per hectare assessment in the rural areas. The worst disparity however is the Internal Revenue Allotment (IRA) among the Local Government Units. For the year 1998, the IRA is as follows:

Share in Population:	Cities	P 490.56 per capita
	Municipalities	P 247.39 per capita
	Provinces	P 154.82 per capita
Share on Land Are	Cities	211,297.66 per sq. km.
	Municipalities	19,893.70 per sq. km.
	Provinces	13,018.33 per sq. km.
Equal Sharing	*Cities*	*62,936,872.57*
	Municipalities	4,108,132.42
	Provinces	54,868,043.10

Metropolitan Manila Development Authority created under Republic Act No. 7924 is not a local government unit nor a provincial government, however, an IRA allotment of P 304,331,464.42 on Population, P 2,686,435.75 on Land Area and
P 54,868,043.10 on Equal Sharing is given by the Department of Budget and Management.

It is therefore imperative that the 1991 Local Government Code specifically Title Three "Shares of Local Government Units in the Proceeds of National Taxes" Chapter 1 Sections 285 be amended to remove disparity on the share for the LGUs. Similarly Section 287 should be amended because only the minimum of twenty percent (20%) as embodied in the code is used by the LGUs for developmental projects regardless of the amount they received.

The increased amount of IRA that the Municipalities will receive because of this bill shall be utilized for food productivity and security, sustainable reforestation and conservation of existing forests. *It shall not be utilized to reclassify the category of the LGUs nor hire casual employees.*

This bill seeks to address all of these concerns.

ROSELLER L. BARINAGA
Representative, 2nd District
Zamboanga del Norte

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
FIRST REGULAR SESSION)

HOUSE OF REPRESENTATIVES

HB No. 392

Introduced by **Rep. Roseller L. Barinaga**

AN ACT
AMENDING REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE, GIVING MUNICIPALITIES MORE EQUITABLE SHARE OF NATIONAL INTERNAL REVENUE TAXES AND FOR OTHER PURPOSES

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

SECTION 1. *Statement of Policy.* - In line with the national policy of creating self-reliant communities and making local government units more effective partners in nation-building, it is imperative upon the national government to provided adequate financial assistance to provinces, cities, municipalities and barangays.

SEC. 2. Section 285 of the Local Government Code of 1991, hereinafter referred to as the Code, is hereby amended to read as follows:

"SEC. 285. *Allocation to Local Government Units.* - The share of local government units in the internal revenue allotment shall be allocated in the following manner:

"(a) Provinces – Twenty-three percent (23%);

"*(b) Cities & MUNICIPALITIES – [Twenty-three percent (23%)] FIFTY* SEVEN PERCENT (57%); AND

"[(c) Municipalities-Thirty-four percent (34%)]

"[(d)] (c) Barangays-Twenty percent (20%)

"*Provided, however,* X X X.

"*Provided, further,* X X X.

"*Provided, finally,* X X X"

SEC. 3. Section 287 of the Code is likewise amended to read as follows:

"SEC. 287. *Local Development Projects.* - Each local government units shall

"*Provided, further,* X X X.

"*Provided, finally,* X X X"

SEC. 3. Section 287 of the Code is likewise amended to read as follows:

"SEC. 287. *Local Development Projects.* - Each local government units shall appropriate in its annual basic budget [no less than twenty percent (20%)] A CERTAIN *PERCENTAGE of its annual internal revenue allotment for development projects IN* ACCORDANCE WITH THE FOLLOWING SCHEDULE:

"WHEN INTERNAL REVENUE ALLOTMENT IS	
"LESS THAN P100,000,000	TWENTY PERCENT (20%)
"MORE THAN P100,000,000 BUT LESS THAN P200,000,000	TWENTY-FIVE PERCENT (25%)
"MORE THAN P200,000,000 BUT LESS THAN P300,000,000	THIRTY PERCENT (30%)
"MORE THAN P300,000,000	THIRTY-FIVE PERCENT (35%)

FOR THIS PURPOSE, DEVELOPMENT PROJECTS SHALL MEAN PROJECTS THAT WILL GENERATE EMPLOYMENT AND LIVELIHOOD, ENSURE FOOD SECURITY, CONSERVE THE ENVIRONMENT, INCREASE AGRICULTURAL PRODUCTIVITY, IMPROVED HEALTH AND SANITATION, *AND DEVELOP HUMAN RESOURCE.* [Copies of the development plans of local government units shall be furnished the Department of Interior and Local Government.]

"*PROVIDED, HOWEVER*, THAT ANY ADDITIONAL INTERNAL REVENUE ALLOTMENT GIVEN TO THE MUNICIPALITY OVER THE 1998 LEVEL, SHALL BE UTILIZED FOR DEVELOPMENT PROJECTS TO ENHANCE FOOD PRODUCTION AND SECURITY AND FOR SUSTAINABLE FOREST DEVELOPMENT AND CONSERVATION IN THE SUCCEEDING FIVE (5) YEARS."

SEC. 4. *Monitoring.* – The Department of Interior and Local Government in coordination with the concerned Regional development Council shall monitor the implementation of this Act.

SEC. 5. *Separability Clause.* – If any provision of this Act is subsequently declared unconstitutional, the validity of the remaining provisions hereof shall remain in full force and effect.

SEC. 6. *Repealing Clause.* – All laws (general or special), decrees, executive orders, rules and regulations, and other issuances inconsistent with this Act are hereby repealed or modified accordingly.

SEC. *7. Effectivity.* – This Act shall take effect upon approval.

Approved.