

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB NO. 394



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

EXPLANATORY NOTE

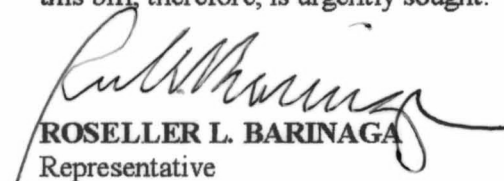
This bill seeks to allot a larger portion of the royalty and income tax shares of the national government in the utilization and development of the national wealth particularly from hydro, geothermal and other sources of energy for power rate reduction in the provinces where the resource is located.

In its study, the National Economic Development Authority (NEDA), Region VIII noted that the Province of Leyte pays for one of the highest power rates in the country despite its huge geothermal resource in Tongonan. To reduce the said power rate being suffered by the very people where the huge geothermal energy source come from, the report suggested the following: 1) condonation of bad loans of electric cooperatives; 2) reduction of systems loss of electric cooperatives; 3) consolidation of cooperatives to reduce distributions costs; and 4) preferential rates to industrial users in the province.

Accordingly, the utilization of royalty payments from the Tongonan geothermal source to lower cost of electricity in the local government unit (LGU) where such resource is located. Republic Act No. 7160 or the Local Government Code of 1991 provides that at least 80% of the proceeds of the LGUs derived from the development and utilization of hydrothermal, geothermal and other sources of energy shall be applied solely to lower cost of electricity in the LGU where such source of energy is located.

Since 1992, the LGUs of Leyte have received a total of P33.2 million in royalties from the PNOC-EDC's Tongonan I geothermal projects of which 80% should have been applied for lowering of power rates.

Corollary to this, it is incumbent upon Congress to pass this proposed measure. Approval of this bill, therefore, is urgently sought.



ROSELLER L. BARINAGA

Representative
2nd District, Zamboanga del Norte

Congress of the Philippines)
Thirteenth Congress)
First Regular Session)

HOUSE OF REPRESENTATIVES

HB NO. 394

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

AN ACT

INCREASING THE SHARE OF LOCAL GOVERNMENT UNITS IN THE GROSS COLLECTION OF THE NATIONAL GOVERNMENT FROM TAXES ON THE UTILIZATION AND DEVELOPMENT OF THE NATIONAL RESOURCES AND RAISING THE PERCENTAGE SHARE OF LOCAL GOVERNMENT UNITS IN THE PROCEEDS THEREOF TO LOWER THE COST OF ELECTRICITY IN THE PROVINCE WHERE THE RESOURCES ARE LOCATED, AMENDING FOR THE PURPOSE THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Section 290 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991 is hereby amended to read as follows:

“SEC. 290. *Amount of share of Local Government Units.* - Local government units shall, in addition to the internal revenue allotment, have a share of [forty percent (40%)] **FIFTY PERCENT (50%)** of the gross collection derived by the national government from the preceding fiscal year from mining taxes, fees, or charges, including related surcharges, interest, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.”

SEC. 2. The following provision is also added after the amendment to the provision of Section 292, to read as follows:

“**THE EIGHTY PERCENT (80%) OF THE SHARE OF LGUs SPECIFICALLY MANDATED TO REDUCE THE COST OF ELECTRICITY WILL BE DIRECTLY REMITTED BY THE GOVERNMENT AGENCY OR GOVERNMENT OWNED OR CONTROLLED CORPORATION DIRECTLY TO THE ELECTRIC COOPERATIVES CONCERNED TO OFFSET THE POWER RATES SUBSIDY THEY HAVE GRANTED TO RESIDENTIAL CONSUMERS AS PROVIDED IN SECTION 294 OF THE CODE AS AMENDED HEREWITH.**”

SEC. 3. Second sentence of Section 294 of the same Act is hereby amended to read as follows:

“Provided, however, That eighty percent (80%) of the proceeds from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity IN THE ENTIRE PROVINCE where such source of energy is located.”

The following provision is also added after the amendment to the provision of Section 294, to read as follows:

“PROVIDED, FURTHER, THAT THE SUBSIDY TO THE COST OF ELECTRICITY SHALL BE GRANTED TO RESIDENTIAL CONSUMERS ONLY”.

SEC. 4. Section 293 is likewise amended by revising the provision of the second sentence to read as follows:

“Provided, however, That in the case of any government agency or government-owned or controlled corporation engaged in the utilization and development of the national wealth, THE REMAINING TWENTY PERCENT (20%) OF SUCH SHARE shall be directly remitted to the provincial, city, municipal or barangay treasurer concerned within five (5) days after the end of each quarter.”

SEC. 5. All laws, decrees, rules and regulations or parts thereof, which are contrary to or inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 6. If any part or provision of this Act is declared unconstitutional, the remaining parts or provisions not affected thereby, shall remain in full force and effect.

SEC. 7. This Act shall take effect fifteen days from its publication in two national newspapers of general circulation after its approval by the President.

Approved.