

395

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB NO. 395



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

EXPLANATORY NOTE

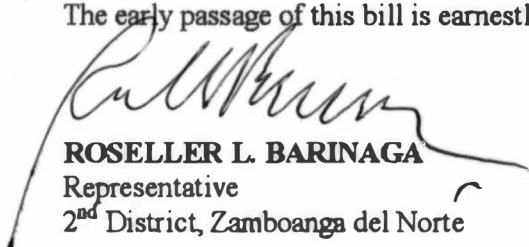
As an archipelago situated in the western rim of the Pacific Ocean and part of the circum-Pacific seismic belt, the Philippines is situated in the path of turbulent and destructive typhoons, storms, floods, drought, earthquake, volcanic eruption and landslides. Its coastline of 17,461 kilometers making it vulnerable to tsunamis and storm surges that endanger coastal communities.

Natural disasters, like the above-mentioned, cause great loss of life and extensive damage to property and infrastructure. The macroeconomic impact of these catastrophies can be measured in terms of its effects on agricultural production, on industry and services, employment and inflation. In other words, the loss of resources due these unpredicted catatrophies adversely affect the national economy. Depending on the extent of damage, the development process can be delayed or set back by years or a decade.

It may be gleaned from Section 324, para. (d) of R.A. 7160 (The Local Government Code) that the unused or unutilized balance of the annual five percent (5%) sets aside for unforeseen calamities is reverted back to the unappropriated surplus of the general funds (Sec. 322, R. A. 7160) of the municipality. Thus, such reversion renders the unexpended balance available for re-apportionment at the pleasure of the sanggunian concerned.

This bill seeks to amend a specific provision in R. A. 7160 by providing for a "Calamity Reserve Fund" to mitigate the effects of unprecedented calamities.

The early passage of this bill is earnestly sought.


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

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

HOUSE OF REPRESENTATIVES

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**AN ACT
AMENDING PARAGRAPH (D), SECTION 324 OF REPUBLIC ACT NO. 7160,
OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991**

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

SECTION 1. Paragraph (d), Section 324 of Republic Act No. 7160, otherwise known as the Local government Code of 1991 is hereby amended as follows:

“Sec. 324. *Budgetary Requirements.* – The budgets of local government units for any fiscal year shall comply with the following requirements:

“XXX

“(d) Five percent (5%) of the estimated revenue from regular sources shall be set aside as annual lump sum appropriation for unforeseen expenditures arising from the occurrence of calamities: *Provided, however,* That such appropriation shall be used only in the area, or portion thereof, of the local government unit or other areas [declared in state of calamity by the President] ~~AFFECTED BY DIASATER OR CALAMITY AS DETERMINED BY THE~~ LOCAL SANGGUNIAN CONCERNED: *PROVIDED, THAT THE* TWENTY PERCENT (20%) OF THE UNEXPENDED BALANCE OF THE ANNUAL LUMP SUM APPROPRIATION FOR UNFORESEEN EXPENDITURES ARISING FROM THE OCCURRENCE OF CALAMITIES SHALL NOT REVERT TO THE UNAPPROPRIATED SURPLUS OF THE GENERAL FUND, BUT INSTEAD, SHALL BE SET ASIDE AS A CALAMITY RESERVE FUND. SAID FUND TO BE USED TO AUGMENT THE ANNUAL CALAMITY FUND WHEN DEEMED NECESSARY.”

SEC. 2. *Separability Clause.* If for any reason any section or provision of this Act is declared unconstitutional, other provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 3. *Repealing Clause.* Any laws, decrees, or rules and regulations which are inconsistent with or contrary to the provisions of this Act are hereby amended or repealed.

SEC. 4. *Effectivity Clause.* This Act shall take effect upon its publication in at least two (2) national newspapers of general circulation.

Approved.