

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB No. 397



Introduced by Rep. Roseller L. Barinaga

EXPLANATORY NOTE

This bill seeks to protect the Internal Revenue Allotment (IRA) share of the local government units from funding restrictions or holdback in the event that the national government incurs an unmanageable public sector deficit.

The local governments, being at the forefront in the delivery of essential services to the people must always be assured of local autonomy and financial viability as mandated by the Constitution and the Local Government Code.

The IRA is a just share of local governments in the collection of national taxes to which they are legally and morally entitled to enable them to deliver essential services expected by the people in return for their payment of such taxes. The IRA shall be released automatically to legally-mandated recipients or beneficiaries and should not be withheld and used for other purposes even to bridge the gap of the national government.

Any funding restriction or holdback to be imposed by the President will mean restraining the freedom of the local governments to operate and respond to the needs of their constituents using their own resources in a manner they see fit and defeats the essence of local government.

The local governments who usually exercise fiscal discipline and judicious use of their resources shall be the last unit to suffer the cutback as budgetary deficit usually happens in the national government.

Early passage of this bill is earnestly sought.


ROSELLER L. BARINAGA

Representative, 2nd District
Zamboanga del Norte

THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
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AN ACT

AMENDING THE STATUTORY PROVISION AUTHORIZING THE PRESIDENT OF THE PHILIPPINES TO MAKE NECESSARY ADJUSTMENT IN THE INTERNAL REVENUE ALLOTMENT OF LOCAL GOVERNMENT INCURS AN UNMANAGEABLE PUBLIC SECTOR DEFICIT, AMENDING FOR THIS PURPOSE SECTION 284 OF REPUBLIC ACT NO. 7160

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

SECTION 1. Section 284 of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" is hereby amended to read as follows:

"SEC. 284. *Allotment of Internal Revenue Taxes.* - Local government units shall have a share in the national internal revenue taxes based on the collection of the third fiscal year preceding the current fiscal year as follows:

- (a) X X X
- (b) X X X
- (c) X X X

[*Provided, That in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of Finance, Secretary of the Interior and Local Government and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the presidents of the Liga, to make the necessary adjustment in the internal revenue allotment of local government units but in no case shall the allotment be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year:*] *Provided, [further,] That in the first year of the effectivity of this Code, the local government units shall, in addition to the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services."*

SEC. 2. All laws, rules and regulations, decrees, issuances, or any parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in at least two (2) national newspapers of general circulation, whichever comes earlier.

Approved.