

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HB No. 398



Introduced by Rep. Roseller L. Barinaga

EXPLANATORY NOTE

This bill seeks to expand the taxing and other revenue-raising powers of LGUs, amending for the purpose RA No. 7160, as amended, otherwise known as the Local Government Code (LGC) of 1991.

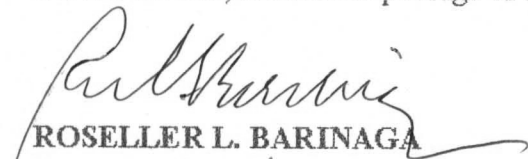
In line with National Tax Research Center's view that places where one seeks admission to entertain oneself by direct participation or by using facilities fall within the purview of the definition of "amusement places" as provided in Section 131 (c) in relation to the definition of "amusement" in Section 131 (b) of the LGC, this measure proposes a definition in general terms, broad enough to cover all types of amusement places including beach resorts or those where facilities are used therein.

The contradicting opinions rendered by various national government agencies on the authority of local governments to levy franchise tax on quasi-corporations and quasi-public corporations caused confusion and chaos in the implementation of the provisions of Section 137 of the LGC. As a remedy, this bill proposes to allow provinces to impose a tax on businesses enjoying a franchise, whether national, legislative or local in nature notwithstanding any exemption granted by a law or a special law.

The proposed amendment of Section 149 of the same Act expands the exclusive authority of municipalities to grant fishery privileges in the municipal waters by explicitly including lakes and gulfs within the coverage of said provision. It proposes a solution to the controversy caused by a Supreme Court decision adverse to the interest of LGUs. The case of Laguna Lake Development Authority (LLDA) vs Court of Appeals provides that it is the LLDA not the municipal government which has the exclusive jurisdiction to issue permits for the enjoyment of fishing privileges in Laguna de Bay because although Republic Act No. 7160 vests in municipalities the authority to grant fishing privileges in municipal waters, it did not repeal the charter of the LLDA.

Moreover, the authority of local government units to grant tax exemption privileges has been interpreted as having limited application. The proposed amendment of Section 192 of the same Act expressly expands said authority by including any and all taxes levied and imposed by local government units.

In view thereof, immediate passage of this bill is earnestly requested.



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. 398

Introduced by Rep. Roseller L. Barinaga

AN ACT
EXPANDING THE TAXING AND OTHER REVENUE-RAISING POWERS OF LOCAL
GOVERNMENT UNITS, 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 131 paragraph (c) of Republic Act No. 7160, as amended, otherwise known as the "Local Government Code of 1991", is hereby amended to read as follows:

"SEC. 131. *Definition of Terms.* - When used in this title, the term:

(a) X X X

(b) X X X

(c) "Amusement places" ARE PLACES OPEN TO THE GENERAL PUBLIC WHICH include theaters, cinemas, concert halls, circuses and other places of amusement where one seeks admission to OR GOES TO entertain oneself BY DIRECT PARTICIPATION, OR by seeing or viewing the show or performances, OR BY USING FACILITIES;

X X X"

SEC. 2. Section 137 of the same Act is amended to read as follows:

"SEC. 137. *Franchise Tax.* - Notwithstanding any exemption granted by any law or other special law, the province may impose a tax on

business enjoying a franchise, WHETHER NATIONAL, LEGISLATIVE OR LOCAL IN NATURE, at the rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts for the preceding calendar year based in the incoming receipt, or realized, within its territorial jurisdiction.

X X X."

SEC. 3. Section 149 of the same Act is amended to read as follows:

"SEC. 149. *Fishery Rentals, Fees and Charges.* - (a) Municipalities shall have the exclusive authority to grant fishery privileges in the municipal waters, INCLUDING LAKES AND GULFS and impose rentals, fees, or charges thereof in accordance with the provisions of this Section.

X X X"

SEC. 4. Section 192 of the same Act is amended to read as follows:

"SEC. 192. *Authority to Grant Tax Exemption Privileges.* - Local government units may through ordinances duly approved, grant tax exemptions, incentives or relief ON ANY AND ALL TAXES, FEES OR CHARGES LEVIED AND IMPOSED BY THE LOCAL GOVERNMENT UNIT CONCERNED under such terms and conditions as they may deem necessary."

SEC. 5. This Act shall take effect upon its approval.

Approved.