

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



THIRTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 1033

Introduced by : REP. ISIDORO E. REAL, JR.

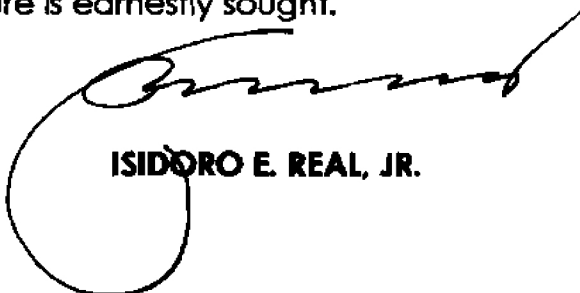
Explanatory Note

To bring about a more equitable distribution of the proceeds of national taxes and to really reach out and meet the needs of the poorest and the most underprivileged, this Bill proposes to increase the internal revenue allotment (IRA) allocated to local government units from forty percent (40%) to forty-five (45%), starting with Fiscal Year 2006. The proposed increase of five percent (5%) shall go to the barangays which serve as the forefront of the delivery of essential public services.

For, indeed, the Barangay is the basic unit of the country's political and social structure. As such, a claim on good governance and the country's prosperity should first be mirrored in the good governance and prosperity of each and every barangay.

While there may be a surfeit of blessings in some big barangays, especially those situated in urban centers, many other barangays across the country remain undeveloped and isolated and tragically qualify as areas where angels fear to tread. Not for lack of initiative on the part of barangay officials and residents, but mainly for lack of funds for badly-needed development projects. Hence, this Bill.

Approval of this legislative measure is earnestly sought.


ISIDORO E. REAL, JR.

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AN ACT

INCREASING THE INTERNAL REVENUE ALLOTMENT FOR LOCAL GOVERNMENT UNITS AND LIKEWISE INCREASING THE ALLOCATION FOR BARANGAYS, AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

Be it enacted by the Senate and the 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) On the first year of the effectivity of this Code, thirty percent (30%);
- b) On the second year, thirty-five percent (35%); and
- c) On the third year and thereafter, UP TO FISCAL YEAR 2006, forty percent (40%);
- d) STARTING WITH FISCAL YEAR 2007 AND THEREAFTER, FORTY-FIVE PERCENT (45%);

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SEC. 2. Out of the forty-five percent (45%) internal revenue allotment for local government units as provided for in Sec. 1, only forty percent (40%) thereof shall be subject to the percentage fixed in the sharing among provinces, cities, municipalities and barangays under Sec. 285 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991.

SEC. 3. The remaining five percent (5%), representing the increase of the internal revenue allotment for local governments' shall be allocated solely to the barangays, in addition to the twenty percent (20%) allocation provided for under Sec. 285 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991.

SEC. 4. The Secretary of Finance, in consultation with the Secretary of Budget and Management, shall promulgate the necessary rules and regulations for a simplified disbursement scheme designed for the speedy and effective enforcement of the provisions of this Act.

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

Approved,