

What further complicates this problem is the situs of payment of taxes by the private persons or entities. Some private persons and entities hold their principal offices in urban centers while their bases of operations are somewhere else. Under the Tax Reform Act of 1997, the private persons or entities may pay their taxes to the national government at the place where they hold their principal offices, thereby depriving the host local government units a first crack at their shares in the said revenues.

A good example of this situation is the Province of Benguet which hosts Lepanto Consolidated Mining Company, Benguet Corporation, Philex Mining Company, Benguet Exploration, Black Mountain, Itogon-Suyoc Mines, Western Minolco, Sto. Nino Mines among others, and some of them were widely known as the top producers of gold and copper concentrates in the Far East. Benguet is unfortunately a member of Club 20 up to today, her natural wealth taken, but her fair share not secured. It is a pity.

There is, therefore, an urgent necessity to amend Section 290 of the Local Government Code in order to mandate persons (natural or juridical) engaged in the utilization and development of national wealth to pay directly to the local government units and the national government what are due to them respectively.

Approval of this measure is hereby strongly enjoined.

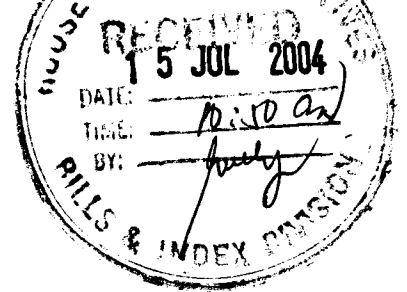

SAMUEL M. DANGWA


MAURICIO G. DOMOGAN

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Diliman, Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1445



Introduced by
HON. MAURICIO G. DOMOGAN and HON. SAMUEL M. DANGWA

EXPLANATORY NOTE

This Bill seeks to amend Section 290 of Republic Act no. 7160, otherwise known as the Local Government Code of 1991.

The provision presently states that internal revenue collections from the national wealth through mining, forestry, and fishery activities in the form of taxes, royalties, fees, charges, interests, fines or shares of the central government in any co-production, joint venture or production sharing agreements over such activities are to be shared with the local governments having jurisdiction over areas devoted to the utilization and development of the national wealth.

Under the law, local government units are entitled to 40% of the gross collections derived by the national government from the utilization and development of the national wealth by private persons or entities.

While private persons or entities pay their taxes to the national government pursuant to existing laws, the national government has not fully remitted to the local government units their shares in the national wealth taxes. It is thus very unfortunate that local government units have always been shortchanged of their share from the revenues, taxes, charges or fees paid by private persons or entities to the national government.

This is compounded by the fact that although Section 286 of the same Code mandates the automatic release of the internal revenue allotments to local government units, there is no similar provision as regards shares to the national wealth.

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

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AN ACT AMENDING SECTION 290 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:

1 SECTION 1. Section 290 of Republic Act no. 7160 entitled the "Local Government Code
2 of 1991" is hereby amended to read as follows:

3 "Sec. 290. *Amount of Share of Local Government Units.* -- Local
4 government units shall, in addition to the internal revenue allotment,
5 have a share of 40% of the gross collection derived (by the national
6 government) from the preceding fiscal year from mining taxes, royalties,
7 forestry and fishery charges, and such other taxes, fees or charges,
8 including related surcharges, interests, or fines, and from its share in any
9 co-production, joint venture or production sharing agreement in the
10 utilization and development of the national wealth within their territorial
11 jurisdiction: Provided, that persons natural or juridical engaged in the
12 utilization and development of the national wealth, shall pay directly
13 the abovementioned 40% of their national wealth taxes to the host local
14 government units and the remaining 60% to the national government.

15 SEC. 2. All laws, executive orders, decrees, rules and regulations or parts thereof which
16 are inconsistent with any of the provisions of this Act are hereby repeated or modified
17 accordingly.

18 SEC 3. This Act shall take effect upon approval.

Approved.