

HOUSE OF REPRESENTATIVES

149

House Bill No. _____

Introduced by Representative Ben P. Evardone

EXPLANATORY NOTE

Republic Act No. 7160, otherwise known as the Local Government Code (LGC) of 1991, was enacted to enable local government units (LGUs) to be more independent and self-sufficient. After almost two decades, genuine autonomy of the LGUs, as envisioned by the framers of the LGC, still remains that way, a vision.

One of the salient provisions of the LGC is the increase in LGUs' Internal Tax Revenue (IRA) allotments from 11% to 40%. However, the increase has remained insufficient in helping our local executives defray their operational expenses in delivering basic services to their constituents.

IRA is the lifeblood of LGUS. Sadly, there hasn't been much economic and social progress made in LGUs since 1991. Since its implementation, the IRA has not fully addressed the economic development disparities among LGUs.

There is therefore a need to increase the IRA to stimulate economic development in the countryside. The IRA share of barangays nationwide should be jacked up by rationalizing the distribution of government money. This will make LGU operation more sustainable and effective especially in poor provinces. This measure seeks to increase LGUs' allocation from 40% to 60%.

Moreover, this bill, once enacted, will also resolve the present bureaucratic intricacies where funds are first remitted to the national government before they are apportioned to the LGUs. Here, local legislative bodies will benefit from automatic retention of their respective shares so they could immediately appropriate funds to their priority development projects.

The state's first level of response to the needs of its people is provided by our local executives. It is but logical that they are empowered to serve our citizens better.

Hence, immediate passage of this bill is earnestly sought.



BEN P. EVARDONE
Representative, Lone District of Eastern Samar

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AN ACT

INCREASING THE INTERNAL REVENUE ALLOTMENT OF LOCAL GOVERNMENT UNITS (LGUs) AND AUTHORIZING ITS AUTOMATIC RETENTION, AMENDING FOR THAT PURPOSE SECTION 284 AND 286 OF R.A. 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 284 of Republic Act No. 7160 is hereby amended to
2 read as follows:

3
4 "Section 284. - *Allotment of Internal Revenue Taxes* - Local
5 Government Units shall have a share in the national internal revenue taxes
6 based in the collection of the third fiscal year preceding the current fiscal
7 year as follows:

8
9 (a) ON the first year of the effectivity of this Code, thirty percent
10 (30%);

11 (b) On the second year, thirty five percent (35%) [and];

12 (c) On the third year [and thereafter], forty percent (40%);

13 (d) ON THE TWENTIETH YEAR AND THEREAFTER, SIXTY
14 PERCENT (60%)

15 x x x ..."

16
17 SEC. 2. Section 286 of the Republic Act 7160 is likewise hereby amended to
18 read as follows:

19
20 "Section 286. *Automatic [Release] RETENTION of Shares*- a) The
21 share of each local government unit shall be [release] RETAINED
22 AUTOMATICALLY BY THE CONCERNED LOCAL GOVERNMENT
23 UNIT, without need of any further action, [directly to] by the provincial,
24 city, municipal or barangay treasurer, as the case may be, on a quarterly basis
25 within five (5) days after the end of each quarter, and which shall be
26 subject to any lien or holdback that may be imposed by the national
27 government for whatever purpose.

28 b) x x x..."

29
30 SEC. 3. All laws, issuances, rules and regulations inconsistent with the
31 provisions this Act is hereby amended, repealed or modified accordingly.

32
33 SEC. 4. This Act shall take effect fifteen (15) days after its publication in at
34 least two (2) newspapers of national circulation.

35
36 *Approved,*