

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

HOUSE BILL NO. 1255

Introduced by the Honorable Nur G. Jaafar

EXPLANATORY NOTE

The bill seeks to rationalize the computation of the Internal Revenue Allotment (IRA) to local government units by looking into the IRA distribution formula under RA No. 7160. It is proposed that the share of each province, city and municipality shall be determined on the basis of population and poverty incidence. The bill also aims to do away with the factor on 'equal sharing' because the 'equity objective' of the Internal Revenue Allotment does not realize the full intent of the law. The developed areas become more developed while those which need more help continue to lag behind.

If the factor on poverty incidence, instead of land area and equal sharing, will be considered to compute for IRA shares of LGUs, poorer provinces, cities, municipalities and barangays will get bigger IRA shares. With this formula, the real intent of the Local Government Code can be achieved.

Approval of this bill is earnestly requested.



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AN ACT
RATIONALIZING THE COMPUTATION OF THE INTERNAL REVENUE
ALLOTMENT TO LOCAL GOVERNMENT UNITS (LGUs), AMENDING FOR THE
PURPOSE SECTION 285 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:*

SECTION 1. Section 285 and 286 of Republic Act No. 7160 are hereby
amended as follows:

“Sec. 285. Allocation to Local Government Units. – The share of local
government units in the internal revenue allotment shall be allocated in the
following manner:

- (a) Provinces – Twenty-three percent (23%);
- (b) Cities – Twenty-three percent (23%);
- (c) Municipalities – [Thirty-four percent (34%)] THIRTY PERCENT
(30%); and
- (d) Barangays – [Twenty percent (20%)] TWENTY-FOUR PERCENT
(24%);

Provided, however, That the share of each province, city and municipality shall
be determined on the basis of the following formula:

- (a) Population – Fifty-percent (50%); and
- (b) [Land Area – Twenty-five percent (25%)] and POVERTY INCIDENCE (50%);

- (c) [Equal sharing – Twenty-five percent (25%)];

Provided, further, That the share of each barangay with a population of not less than one hundred (100) inhabitants shall not be less than Eighty Thousand Pesos (P80,000.00) per annum chargeable against the twenty percent (20%) share of the barangay from the internal revenue allotment, and the balance to be allocated on the basis of the following formula:

- (a) XXX

- (b) XXX

- (c) On the third year and thereafter;

- (1) Population – Sixty percent (60%); and

- (2) [Equal Sharing] POVERTY INCIDENCE – Forty percent (40%);

Provided, finally, That the financial requirements of barangays created by local government units after the effectivity of this Code shall be the responsibility of the local government unit concerned.”

SECTION 2. All laws, executive orders, rules, regulations and other issuances inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 3. This Act shall take effect immediately upon its approval.

Approved.