

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1314

Introduced by Honorable Florencio C. Garay

EXPLANATORY NOTE

This bill seeks to amend Sections 326 and 327 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, by transferring the power to review of appropriation ordinances of component cities and municipalities from the Sangguniang Panlalawigan to the Department of Budget and Management.

Under Section 327 of the Local Government Code, ordinances authorizing annual or supplemental appropriations of component cities and municipalities are subject to review by the Sangguniang Panlalawigan. However, it bears noting that the said provision does not mandate the immediate action of the Sangguniang Panlalawigan, but gives it a "loose period" of ninety (90) days, and "if within ninety (90) days from receipt of copies of such ordinance, the Sangguniang Panlalawigan takes no action thereon, the same shall be deemed to have been reviewed in accordance with law and shall continue to be in full force and effect." This "loose period" inevitably invites partisanship, which may result to a faster or a delay in the review, depending on the nature of the political leanings of the examining Sanggunian Panlalawigan official. This is what this bill seeks to curb, by transferring the review powers of the Sanggunian to the Department of Budget and Management.

Records of the Department of the Interior and Local Government (DILG) disclose that there have already been numerous requests for legal opinion and even appeals made by component cities and municipalities questioning the actions made on appropriation ordinances by the Sangguniang Panlalawigan. In one case, the Department even invalidated the Sanggunian's action, holding that:

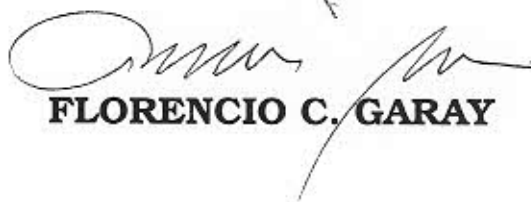
"The only ground upon which a provincial board may declare any municipal resolution, or order invalid is when

such resolution, ordinance or order is beyond the powers conferred upon the council or president making the same. Absolutely no other ground is recognized by the law. A strictly legal question is before the provincial board in its consideration of a municipal resolution, ordinance or order. The provincial (board's) disapproval of any resolution, ordinance or order must be premised specifically upon the fact that such resolution, ordinance or order is outside the scope of the power conferred by law. If a provincial board passes these limits, it usurps the legislative functions of the municipal council or president. Such has been the consistent course of executive authority." (DILG Opinion No. 94, Series of 2003, August 7, 2003)

In another case, the Department ruled that the Sangguniang Panlalwigan is not vested with authority to look into and decide the question of whether or not the required number of votes necessary to approve the annual budget of a city was attained by the Sangguniang Panlungsod considering that Section 324 and 325 of Republic Act 7160 on the scope and limitation of the review power of the Sangguniang Panlalawigan did not include the same. (DILG Opinion, November 9, 2004, on the Request of Mayor Carlo V. Gamban of Silay City).

Appropriation ordinances are vital if local government units are to achieve their planned programs and objectives. These ordinances, being essentially in the nature of legislative authorization to utilize government funds for public purposes, should be given priority action without unnecessary delay, otherwise government projects would be rendered worthless and vital government functions brought to a halt, to the detriment of our people.

In view of its vital importance, the approval of this bill is earnestly sought.


FLORENCIO C. GARAY

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1314

Introduced by Honorable Florencio C. Garay

AN ACT
AMENDING SECTIONS 326 AND 327 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 326 of Republic Act No. 7160, otherwise known as the Local Government Code, is hereby amended to read as follows:

"SEC. 326. Review of Appropriation Ordinances of Provinces, Highly Urbanized Cities, AND COMPONENT CITIES AND MUNICIPALITIES. - The Department of Budget and Management shall review ordinances authorizing the annual or supplemental appropriations of provinces, highly urbanized cities, AND OF COMPONENT CITIES AND MUNICIPALITIES, in accordance with the immediately succeeding Section."

SECTION 2. Section 327 of Republic Act No. 7160 is likewise amended to read as follows:

"SEC. 327. If within ninety (90) days from receipt of copies of such ordinance, the DEPARTMENT OF BUDGET AND MANAGEMENT takes no action thereon, the same shall be deemed to have been reviewed in accordance with law and shall continue to be in full force and effect. If within the same period, the DEPARTMENT OF BUDGET AND MANAGEMENT shall have ascertained that the ordinance authorizing annual or supplemental appropriations had not complied with the requirements set forth in

this Title, the DEPARTMENT shall, within the ninety-day period hereinabove prescribed, declare such ordinance inoperative in its entirety or in part. Items of appropriation contrary to limitations prescribed in this title or in excess of the amounts prescribed therein shall be disallowed or reduced accordingly.

The DEPARTMENT OF BUDGET AND MANAGEMENT shall, within the same period, advise the Sangguniang Panlungsod or Sangguniang Bayan concerned, through the local chief executive, of any action on the ordinance under review. Upon receipt of such advice, the city or municipal treasurer concerned shall not make further disbursements of funds from any of the items of appropriation declared inoperative, disallowed or reduced."

SEC. 3. The provisions of existing laws, decrees, issuances, rules and regulations, or portions thereof, which are inconsistent herewith are hereby repealed, modified or amended accordingly.

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

Approved,