

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

First Regular Session

House Bill No. 2000

Introduced by Hon. PABLO JOHN F. GARCIA

**“AN ACT GRANTING PROVINCES A SHARE IN THE PROCEEDS OF REAL
PROPERTY TAXES IMPOSED BY COMPONENT CITIES, AMENDING
SECTION 271 OF REPUBLIC ACT NUMBER 7160, OTHERWISE KNOWN AS
THE LOCAL GOVERNMENT CODE OF 1991”**

EXPLANATORY NOTE

Taxation without representation, it is said, is tyranny. But no less inequitable is representation without taxation.

Under the 1991 Local Government Code, however, this situation obtains in the case of component cities of provinces, which, while retaining the right to vote for elective provincial positions, are not required to share in the burden of government by way of taxation. Under Section 271 of Republic Act. No. 7160, otherwise known as the Local Government Code of 1991, component cities---unlike municipalities ---are not required to share the proceeds of real property taxes with the province.

This is onerous for a number of reasons. First, a local government unit's being, or conversion into, a component city does not relieve the province of its obligation to maintain provincial infrastructure such as roads and bridges within that component city, and its mandatory assistance to its barangays.

Second, a province is, under Section 16 of the same Code, mandated to protect and uphold the general welfare of all its inhabitants, including those residing in component cities, which do not, under present laws, share in the burden of the government.

Third, its onerous to municipalities, which, more often than not, are smaller and less financially capable than component cities, and are ironically mandated to exclusively share the burden of government within the province.

Clearly, Section 271 of the Local Government Code should be amended to correct this onerous situation, by making component cities share, as they must, the proceeds of real property taxes with the province.

Thus, early passage of this bill is earnestly sought.



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Section 1. Section 271 of the Local Government Code is hereby amended to read as follows;

“Section 271. Distribution of Proceeds. – The proceeds of the basic real property tax, including interest thereon, and proceeds from the use, lease or disposition, sale or redemption of property acquired at a public auction in accordance with the provisions of this Title by the province or city or a municipality within the Metropolitan Manila Area shall be distributed as follows:

“(a) In the case of provinces:

“(1) province - Thirty-five percent (35%) shall accrue to the general fund;

“(2) municipality – Forty percent (40%) to the general fund of the municipality where the property is located; and

“(3) barangay – Twenty-five percent (25%) shall accrue to the barangay where the property is located.

“(b) In the case of component cities and cities whose inhabitants retain the right to vote for elective provincial officials:

“(1) province – Thirty-~~five~~ percent (~~35~~%) shall accrue to the province;

“(2) city – Forty percent (40%) to the general fund of the city; and

“(3) Thirty percent (30%) shall be distributed among the component barangays of the cities where the property is located in the following manner;

“(i) Fifty percent (50%) shall accrue to the barangay where the property is located;

“(ii) Fifty percent (50%) shall accrue equally to all component barangays of the city; and

“(c) In the case of highly urbanized cities and independent component cities whose inhabitants do not retain the right to vote for elective provincial officials:

“(1) Seventy percent (70%) shall accrue to the general fund of the city;

“(2) Thirty percent (30%) shall be distributed among the component barangays where the property is located in the following manner:

“(i) Fifty percent (50%) shall accrue to the barangay where the property is located;

“(ii) Fifty percent (50%) shall accrue equally to all component barangays of the city; and

“(d) In the case of a municipality within the Metro Manila Area;

“(1) Metro Manila Authority – Thirty-five percent (35%) shall accrue to the general fund of the Authority;

“(2) municipality – Thirty-five percent (35%) shall accrue to the general fund of the municipality where the property is located;

“(3) barangays – Thirty percent (30%) shall be distributed among the component barangays of the municipality where the property is located in the following manner;

“(i) Fifty percent (50%) shall accrue to the barangay where the property is located;

“(ii) Fifty percent (50%) shall accrue equally to all component barangays of the municipality.

“(e) The share of each barangay shall be released, without any need of further action, directly to the barangay treasurer on a quarterly basis within five (5) days after the end of each quarter and shall not be subject to any lien or holdback for whatever purpose.

SECTION 2. All laws, executive orders, rules and regulations inconsistent herewith are deemed repealed or modified accordingly.

SECTION 3. This Act shall take effect fifteen (15) days following its publication in two (2) newspapers of general circulation in the Philippines.”

APPROVED,


PABLO JOHN F. GARCIA