

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

FIFTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. **2482**

INTRODUCED BY: HON. MARCELINO "MARCY" R. TEODORO

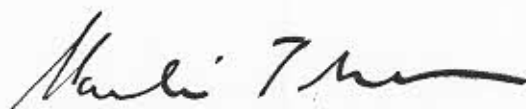
EXPLANATORY NOTE

The Republic of the Philippines shares some problems of low-income countries, including high poverty. The assessment confirms the multi-faceted nature of Philippine poverty, including deprivation of access to finance (income, credit), human (education and health), nature (land, clean air, biodiversity), physical resources (infrastructure and services), and social resources (trust, reciprocity, cooperation). Much has been said about the problems that the country is having. Thus, steps to reach an attainable development should be made in both national and local level.

The bill aims to rationalize the computation of the Internal Revenue Allotment (IRA) to local government units by taking into account the distribution formula of IRA under RA no. 7160. Given that some areas in the Philippines encounter a certain level of poverty, it is proposed that the share of each province, city and municipality shall be determined on the basis of population and poverty incidence of such area. Moreover, this bill recognizes that the "equal sharing" undermines the actual objective of the law. It should be realized that while developed areas are continuously developing, those underdeveloped are left behind. The gap between the two conditions is presumably increasing if this situation is not given remedy.

If the factor on poverty incidence will be considered in order to compute for IRA distribution of LGUs, poorer provinces, cities, municipalities and barangays will acquire bigger IRA shares. Through this new formula, a more efficient distribution of IRA for LGUs will result that would augment the local funds for the social and economic development projects of the needy areas.

From the abovementioned propositions, consideration of this bill is earnestly sought.



MARCELINO "MARCY" R. TEODORO
Representative, 1st District
City of Marikina

HOUSE OF REPRESENTATIVES

Quezon City, Metro Manila

FIFTEENTH CONGRESS

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House Bill No. **2482**

INTRODUCED BY HON. MARCELINO "MARCY" R. TEODORO

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,