



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

FIFTEENTH CONGRESS
1ST Regular Session

HOUSE BILL NO. 4498

Introduced by:
REP. FRANCISCO T. MATUGAS
1ST District Surigao del Norte (*Siargao Island*)

EXPLANATORY NOTE

This bill seeks to provide for the automatic retention by the host local government unit of its forty percent (40%) share of the gross collection derived by the national government from the national wealth taxes. The automatic retention applies to such taxes actually collected by each local government unit and shall be distributed in accordance with the allocation of shares as provided for under Section 292 of the Local Government Code of 1991. The allocation of shares shall be made and distributed by the host local government unit that actually collected such taxes.

Section 6, Article X of the 1987 Philippine Constitution provides that:

"Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them."

This measure will allow the host local government units to directly receive its just share from the national wealth taxes, thereby helping our local executives in their operational expenses in delivering basic services to their constituents.

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

Our local executives are the first to respond to the needs of their people, it is but logical that they are empowered to serve their citizens well. This is just one of the measures that seek to broaden the local fiscal resource generation of the local government units. Hence, immediate approval of this bill is earnestly sought.

A handwritten signature in black ink, consisting of a large, stylized 'F' followed by a smaller 'T' and a final flourish.

FRANCISCO T. MATUGAS



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Fifteenth Congress
1ST Regular Session

HOUSE BILL NO. 4498

Introduced by:
HON. FRANCISCO T. MATUGAS
1st District, Surigao del Norte (*Siargao Island*)

AN ACT

PROVIDING FOR THE AUTOMATIC RETENTION BY THE HOST LOCAL GOVERNMENT UNIT OF ITS FORTY PERCENT (40%) SHARE OF THE GROSS COLLECTION DERIVED BY THE NATIONAL GOVERNMENT FROM NATIONAL WEALTH TAXES AND FOR OTHER PURPOSES

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. The forty percent (40%) share of the local government units from the gross collection derived by the national government from national wealth taxes as mandated by Republic Act No. 7160, otherwise known as the "Local Government Code of 1991" shall be automatically retained by the provincial, city, municipal or barangay treasurer of the local government unit which actually collected the national wealth tax.

For purposes of this Act, the term "*national wealth taxes*" shall refer to mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related surcharges, interests, or fines, and shall also include

1 shares in any co-production, joint venture or production sharing agreement in
2 the utilization and development of the national wealth within the territorial
3 jurisdiction that may be collected by the local government unit.

4 SEC. 2. The forty percent (40%) share of the local government units shall be
5 distributed as follows:

6 (a) Where the natural resources are located in the province:

7 (1) Province – Twenty percent (20%);

8 (2) Component City/Municipality – Forty-five percent (45%); and

9 (3) Barangay – Thirty-five percent (35%):

10 *Provided, however, That where the natural resources are located in two (2)*
11 *or more provinces, or in two (2) or more component cities or municipalities or in*
12 *two (2) or more barangays, their respective shares shall be computed on the*
13 *basis of:*

14 (1) Population – Seventy percent (70%); and

15 (2) Land area – Thirty percent (30%).

16 (b) Where the natural resources are located in a highly urbanized or
17 independent component city:

18 (1) City – Sixty-five percent (65%); and

19 (2) Barangay – Thirty-five percent (35%):

20 *Provided, however, That where the natural resources are located in such*
21 *two (2) or more cities, the allocation of shares shall be based on the formula on*
22 *population and land area as specified in paragraph (a) of this Section.*

23 SEC. 3. The allocation of shares as provided for in Section 2 hereof shall be
24 made and distributed by the host local government unit that actually collected
25 such taxes.

1 SEC. 4. All laws, acts, decrees, executive orders, issuances and rules and
2 regulations, or parts thereof inconsistent with this Act are hereby repealed,
3 amended or modified accordingly.

4 SEC. 5. This Act shall take effect fifteen (15) days after its publication in the
5 Official Gazette or in two (2) national newspapers of general circulation.

6 Approved,