

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 5399



Introduced by HONORABLE LANI MERCADO-REVILLA

EXPLANATORY NOTE

The Constitution, Article II, Section 25 states: "The State shall ensure the autonomy of local governments." Further, Article X, Section 6 mandates: "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them."

This bill seeks to amend Sections 284 and 286 of the Local Government Code of 1991 by increasing to fifty percent (50%) the share of local government units (LGUs) in the national taxes and to release to each local government unit, specifically directly to the provincial, city, municipal or barangay treasurer, as the case may be, the said increase without need of any further action, on a monthly or quarterly basis within five (5) days after the end of each month or quarter. This share shall not be subject to any lien or holdback that may be imposed by the national government.

This measure is consistent with the promotion and enhancement of local financial autonomy of LGUs in order that they can enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities

In view of the foregoing reasons, the approval of this bill is earnestly sought.


REP. LANI MERCADO-REVILLA
Second District, Cavite

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Introduced by **HONORABLE LANI MERCADO-REVILLA**

**AN ACT AMENDING SECTIONS 284 AND 286 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 284 of RA 7160 is hereby amended and shall read as follows:

Section 284. [Allotment] **SHARE** of [Internal Revenue] **NATIONAL** taxes. **UPON APPROVAL OF THIS CODE, AS AMENDED, [L] local government units [shall have a] ARE ENTITLED TO A FIFTY PERCENT (50%) share [in the] OF national [internal revenue] taxes** based on the collection of the third fiscal year preceding the current fiscal year. [as follows:]

[(a) On the first year of the effectivity of this Code, thirty percent (30%);

(b) On the second year, thirty-five percent (35%); and

(c) On the third year and thereafter, forty percent (40%). *Provided, That in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of Finance, Secretary of Interior and Local Government and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the presidents of the liga, to make the necessary adjustments in the internal revenue allotment of local government units but in no case shall the allotment be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year: *Provided, further* That in the first year of the effectivity of this Code, the local government units shall, in addition to the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services.]*

SECTION 2. Section 286 of RA 7160 is hereby amended and shall read as follows:

Section 286. Automatic Release of Shares. - (a) The share of each local government unit **IS CONSIDERED OBLIGATED AND IT** shall be released, without need of any further action, directly to the provincial, city, municipal or barangay treasurer, as the case may be, on a **MONTHLY OR** quarterly basis within five (5) days after the end of each **MONTH OR** quarter, [and which]

(B) SAID SHARE shall not be subject to any lien or holdback that may be imposed by the (national) **CENTRAL** government for whatever purpose.

[(b)] **(C)** Nothing in this Chapter shall be understood to diminish the share of local government units under existing laws.

SECTION 3. *Repealing Clause.* - All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SECTION 4. *Separability Clause.* - If any provision of this Act is held invalid or unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

SECTION 5. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,