

AN ACT
AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7160
ENTITLED "THE LOCAL GOVERNMENT CODE OF THE PHILIPPINES"
AND FOR OTHER PURPOSES

FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Second Regular Session

HOUSE OF REPRESENTATIVES

House Bill No. **6029**

Introduced by Representative Gloria Macapagal-Arroyo

EXPLANATORY NOTE

The Republic Act No. 7160, referred to as the Local Government Code of 1991 as enacted, created a system for the organization and operation of the local government units up to the smallest segment of local jurisdiction, the barangays. As it is now, the devolution has carried through up to the barangay level not only the power, but also the functions and responsibilities otherwise performed by national implementing agencies, and the thrust of the law on the allocation of internal revenue share of the local government units in the national taxes has been done with IRA allotment and sharing clearly defined.

However, while the law ascertains the share of the LGUs in the internal revenue allotment and defines the terms of IRA sharing, barangays created after the effectivity of the law are not entitled to receive any share of the IRA. Their financial requirement is left as LGUs responsibility, hence becomes discretionary in nature. There were 41,687 barangays already existing before the law was passed, and nearly 300 new barangays were created after the enactment of the law in 1992, the latter functioning and performing on the basis of similar mandates as that of old barangays.

This bill shall allow barangays which were created after the passage of the Local Government Code to receive their full share of the IRA and shall provide the legal base for redistributing the IRA shares of the LGUs to the barangays, regardless of date of creation.


REP. GLORIA MACAPAGAL-ARROYO



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
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HOUSE BILL NO. 6629

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AN ACT
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ENTITLED "THE LOCAL GOVERNMENT CODE OF THE
PHILIPPINES" AND FOR OTHER PURPOSES

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

SECTION 1. Section 285 of Republic Act 7160 otherwise known as the Local Government Code of the Philippines is hereby amended to read as follows:

"Section 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%); and

(d) barangays - Twenty percent (20%) **TO BE DISTRIBUTED TO ALL BARANGAYS INCLUDING THOSE CREATED AFTER THE EFFECTIVITY OF THE CODE.** 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%);

(b) Land Area - Twenty-five percent (25%); and

(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 (P=80,000.00) 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) On the first year of the effectivity of this Code:

(1) Population - Forty percent (40%); and

(2) Equal Sharing - Sixty percent (60%)

(b) On the second year:

(1) Population - Fifty percent (50%); and

(2) Equal Sharing - Fifty percent (50%)

(c) On the third year and thereafter:

(1) Population - Sixty percent (60%); and

(2) Equal Sharing - Forty percent (40%). Provided, finally, **THAT ALL BARANGAYS WHETHER CREATED BEFORE OR AFTER THE EFFECTIVITY OF THE CODE SHALL HAVE THE SAME ALLOCATION.**

IN THE ALLOCATION AND RELEASE OF FUNDS, THE DEPARTMENT OF FINANCE, DEPARTMENT OF INTERIOR AND LOCAL GOVERNMENT AND DEPARTMENT OF BUDGET AND MANAGEMENT SHALL ENSURE THE EQUAL TREATMENT OF ALL BARANGAYS REGARDLESS OF THE DATE OF CREATION.

SEC. 2. *Prospective Application.* The entitlement of the barangays created after the effectivity of the Code shall take effect in the immediate preceding fiscal year after the approval of this Act.

SEC. 3. *Repealing Clause.* - All laws, decrees, executive orders, issuances or regulations inconsistent with the provisions of this Act are hereby revised or

amended accordingly.

SEC. 4. *Separability Clause.* - If any part of this law is declared unconstitutional or invalid, such parts or provisions thereof not so declared shall remain valid and subsisting.

SEC. 5. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its

Approved,