

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 65



Introduced by REP. ANTHONY G. DEL ROSARIO

EXPLANATORY NOTE

Article 10, Section 7 of the 1987 Philippine Constitution provides that, "*Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits.*"

The last paragraph of Section 285 of RA 7160 otherwise known as the Local Government Code of 1991 says 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.*" It excludes several barangays from their just share of the Internal Revenue Allotment (IRA) and seems to negate the constitutional declaration embodied in the aforementioned provision of the Constitution.

This bill seeks to address the predicament of non-IRA barangays. It aims to enable them to optimize the performance of their functions and administration, effectively and efficiently. The delivery of basic social services will be enhanced by granting IRA to these basic political units thereby providing them with much needed funds to support various programs for poverty alleviation of their respective populace.

Such allocations can serve as an effective tool for the barangay leaders to implement positive change to improve the lives of their constituents. Otherwise, continued exclusion will result in the impairment of essential projects and limited delivery of public services.

There is therefore a compelling reason to institute a remedial legislative measure to correct this lopsided distribution of funds among LGUs and establish a more equitable distribution of allotments. Further, it aims to put an end to the practice of some LGUs to create new barangays without considering the financial capability of these barangays because under the present law they are not entitled to receive an IRA.

This Representation sees it relevant to re-introduce this bill filed in the Fourteenth Congress by Rep. Bernardo F. Pinol in order to avoid further financial deprivation of non-IRA barangays and likewise accord them full autonomy.

In view of the foregoing, approval of this bill is urgently requested.


ANTHONY G. DEL ROSARIO

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AN ACT

REMOVING THE AUTHORITY OF THE SANGGUNIANG PANLALAWIGAN AND SANGGUNIANG PANGLUNSOD TO CREATE BARANGAYS AND GRANTING INTERNAL REVENUE ALLOTMENTS TO BARANGAYS CREATED BY SAID LOCAL SANGGUNIAN, AMENDING FOR THE PURPOSE SECTIONS 6 AND 285 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Section 6 of Republic Act No. 7160 otherwise known as the Local Government Code of 1991, as amended, is hereby further amended to read as follows:

“SECTION 6. Authority to Create Local Government Units. – A local government unit may be created, divided, merged, abolished, or its boundaries substantially altered **ONLY** [either] by law enacted by Congress in the case of a province, city, municipality, or any other political subdivision, [or by ordinances passed by the sangguniang panlalawigan or sangguniang panlungsod concerned in the case of a barangay located within its territorial jurisdiction,] subject to such limitations and requirements prescribed in this Code.”

SEC. 2. Section 285 of the Local Government Code of 1991, as amended, is hereby further amended to read as follows:

“SECTION 285. Allotment of Internal Revenue Taxes. – 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%);

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 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 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 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.]

SEC. 3. All barangays created by the sangguniang panlalawigan and sangguniang panlungsod pursuant to Section 6 of Republic Act No. 7160 otherwise known as the Local Government Code of 1991, as amended shall be entitled to an internal revenue allotment share in accordance with the formula prescribed under Section 285 of the Code after the effectivity of this Act: Provided, however, That barangays created by local government units which failed to meet the population requirement under Section 386 of the Code shall not be entitled to the benefit under this Act.

SEC. 4. The Department of Finance (DOF), in coordination with the Department of Budget and Management (DBM), Department of Interior and Local Government (DILG) and the leagues of local government units shall issue the necessary rules and regulations within (60) days after the effectivity of this Act.

SEC. 5. This Act shall take effect fifteen (15) days after its publication in at least two newspapers of general circulation.

Approved,