

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

Sixteenth Congress
First Regular Session

House Bill No. 232



Introduced by Honorable Roy M. Loyola

EXPLANATORY NOTE

This bill was originally introduced at the Fifteenth (15th) Congress by Representatives Rufus B. Rodriguez, Roy M. Loyola, and Erineo S. Maliksi as House Bill No. 4990. It was referred and approved by the House Committee on Local Governments as substitute House Bill No. 5620 under Committee Report No. 1594 dated December 8, 2011. It was approved on 2nd Reading on January 24, 2012 and 3rd and Final Reading on March 5, 2012. The Bill was transmitted to the Senate on March 8, 2012 where it was read 1st Reading and was referred to the Committee on Local Governments on March 18, 2012.

At the Senate, Hon. Panfilo M. Lacson on December 5, 2011 introduced the measure's parallel bill, Senate Bill No. 3081. It was read on 1st Reading and referred to the Senate Committee on Local Government the same day it was filed.

Both House Bill No. 5620 and Senate Bill No. 3081 were calendared and were taken up at the Senate Joint Committee Hearings on November 15, 2012. Unfortunately, the bill was not passed at the 15th Congress for lack of material time.

The primordial reason for converting a municipality or cluster of barangays into a city is to ensure its economic viability (*Latasa v Commission on Elections*, G.R. No. 154829, December 10, 2003). As a general rule, the creation of a local government unit or its conversion from one level into another shall be based on verifiable indicators or viability and projected capacity to provide services, specifically income, population and land area (Section 7, R.A. No. 7160, Local Government Code of 1991).

Among the three, there is no doubt that the income requirement is the most controlling. In recognition of such fact, the Code sets forth the following criterion: Income – It must be sufficient, based on acceptable standards, to provide for all essential facilities and services and special functions commensurate with the size of its population, as expected of the local government unit concerned (Section 7(a), *supra*).

With regards to the population requirement, the Code merely provides: Population – It shall be determined as the total number of inhabitants, within the territorial jurisdiction of the local government unit concerned (Section 7(b), *supra*).

And lastly, with regards to the land area, the Code merely requires that the same be contiguous; properly identified by metes and bounds; and more importantly, must be sufficient to provide for such basic services and facilities to meet the requirements of its populace (Section 7(c), *supra*).

As our law stands today, before a municipality or cluster of barangays could be converted into a component city, it must have an annual income of at least One Hundred Million Pesos (P100,000,000.00) and a territory of at least one hundred (100) square kilometers or a population of not less than one hundred fifty thousand (150,000) Sec. 450, R.A. No. 7160, Local Government Code, as amended by R.A. 9006).

However, there are some municipalities which, despite of its small land area or population, have nevertheless demonstrated its unquestionable capacity to provide essential government facilities, social services to its inhabitants, comparable or even superior to existing cities.

As we all know, living in a city has its corresponding economic advantage. Thus, it would be utterly unfair to the inhabitants of municipalities to forever foreclose their right to the benefits of cityhood simply because such municipalities' land area and population is less than one hundred (100) square kilometers or one hundred fifty thousand (150,000), respectively.

While there is no hard and fast rule to determine the optimum populace or land area for a city, applying the principles of political law for creation of a sovereign state, the population must be numerous enough and able to procreate in order to ensure perpetuation of the political entity. With regards to its land area, the same must be large enough to be able to sufficiently provided for its people.

Noteworthy are the small states, specifically: *Monaco*, a tiny state along the French Riviera which has an area of just 0.7 square miles (1.81 sq. km.) and a population of just 32,000. The island state of *Nauru*, became independent in 1968, and has an area of just 8.5 square miles (22 sq. km.) and a population of just 13,000. *Tuvalu*, formerly known as Ellice Islands, gained its independence in 1978, and has an area of just 9 square miles (23.3 sq. km.) and a population of 12,000. *San Marino*, located at Mt. Titano in north central Italy, which has an area of just 24 square miles (62.13 sq. km.) and a population of just 29,000.

If the above political entities have attained their status as independent states despite their small population and land area, all the more reason for municipalities which have time and again demonstrated their capacity to thrive despite their small population and land area to be allowed to upgrade its status to that of a city.

Just like in any other law, there is a general rule and there is an exception. For purposes of this bill, the general rule remains – that for creation of or conversion into a city, a municipality must have an income of at least P100,000,000.00 *and* a land area of at least 100 square kilometers or population of at least 150,000. The exception is that, if the municipality generates a local income of at least Two Hundred Twenty Million Pesos (P220,000,000.00), then it is qualified to be converted into a city without regard to the size of its land area or population.

In view thereof, support and approval of this measure is earnestly sought.



ROY M. LOYOLA

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AN ACT EXEMPTING FROM THE POPULATION AND THE LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED TWENTY MILLION PESOS (P220,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991.

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

SECTION 1. Section 450 of Republic Act No. 7160 as amended, otherwise known as the Local Government Code of 1991, as amended by Republic Act No. 9009, is hereby further amended to read as follows:

" SEC. 450. Requisites for Creation – (a) A municipality or a cluster of barangays may be converted into a component city if it has a locally generated average annual income, as certified by the Department of Finance, of at least One hundred million pesos (P100,000,000.00) for the last two (2) consecutive years based on 2000 constant prices, and if it has either of the following requisites:

(i) a contiguous territory of at least one hundred (100) square kilometers, as certified by the Lands Management Bureau; or

(ii) a population of not less than one hundred fifty thousand (150,000) inhabitants, as certified by the National Statistics Office.

THE POPULATION AND LAND AREA REQUIREMENTS PRESCRIBED HEREIN SHALL NOT APPLY IF A MUNICIPALITY HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME, AS CERTIFIED BY THE DEPARTMENT OF FINANCE, OF AT LEAST TWO HUNDRED TWENTY MILLION PESOS (P220,000,000.00) FOR THE LAST TWO (2) CONSECUTIVE YEARS BASED ON 2010 CONSTANT PRICES AND HAS EITHER THE POPULATION OR LAND AREA REQUIREMENT PRESCRIBED FOR THE CREATION OF A MUNICIPALITY UNDER SECTION 443 OF THIS CODE.

The creation thereof shall not reduce the land area, population, and income of the original unit or units at the time of said creation to less than the minimum requirements prescribed herein.

(b) The territorial jurisdiction of a newly-created city shall be properly identified by metes and bounds. The requirement on land area shall not apply where the city proposed to be created is composed of one (1) or more islands. The territory need not be contiguous if it comprises two (2) or more islands.

(c) The average annual income shall include the income accruing to the general fund, exclusive of specific funds, transfers, and non-recurring income.”

SECTION 2. If any provision of this Act shall be declared invalid or unconstitutional, the remaining part or provisions not otherwise affected shall remain in force.

SECTION 3. Any law, decreed, ordinance, administrative circulars not consistent with any provision of this Act is hereby amended, repealed or modified accordingly.

SECTION 4. This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,