

CONGRESS OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

House Bill No. 317



Introduced by Representatives
GLORIA MACAPAGAL ARROYO and DIOSDADO MACAPAGAL ARROYO

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

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 of the local government units in the national taxes has been done with the IRA allotment and sharing clearly defined.

However, 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 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.


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2nd District, Camarines Sur

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AN ACT AMENDING CERTAIN PROVISIONS OF REPUBLIC ACT NO. 7160 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 No. 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 (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 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

- 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 Allocation* – 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. *Separability Clause*. – If, for any reason, any section or provision of this Act is held unconstitutional or invalid, the other sections or provisions hereof shall not be affected thereby and shall continue to be in full force and effect.

Sec. 4. *Repealing Clause*. – All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 5. *Effectivity Clause*. – This Act shall take effect fifteen (15) days from its publication in the Official Gazette or in at least two (2) national newspapers of general circulation.

Approved,