

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session



House Bill No. 674

Introduced by **REP. CESAR V. SARMIENTO**

EXPLANATORY NOTE

Cities play a pivotal role in the development of a society. Ancient cities became the seat of civilization. Commerce, trade, industry and culture started in the cities. Interestingly, cities are always the precursor to modernization and industrialization. The socio-economic growth of a place can be gauged as to the establishment of a city in that particular area. Indeed, it is undeniable that cities are central to economic and societal progress.

In 1900, only 13 percent of the world's population lived in cities. Two years ago, more than half of the world's population lives in urban areas. By 2050, that number will rise to 70 percent according to studies.

The Philippines, being an archipelago, needs to be economically and socio-culturally consolidated as a whole and the establishment of at least one city per province, the capital town that is, will pave the way towards the economic independence of each province while securing the well being of the whole nation.

Corollary, there is a need to revisit and further amend the provisions of the Local Government Code of 1991, as amended, to exempt capital towns of the provinces in the Philippines with the requirements set forth in the law for capital towns to become cities. Given their roles as the commercial, political, and socio-cultural centers in their respective provinces, it becomes necessary to further capacitate these municipalities by elevating their status to component cities. Such change of status will give them more autonomy and taxation powers and an increased share in the internal revenue allotment. More importantly, cityhood will boost investor confidence and invigorate the business and even tourism climate.

Cities are important catalyst of fiscal and societal change. We cannot tarry behind in the global arena just because we refuse to upgrade our capital towns to cities. As Samuel Palmisano puts it, "Therefore, it is in our cities, I believe, that we can see the most promising opportunity for an intelligent upgrade in how the world works and how we live."

The proposed bill, in essence, seeks to assist capital towns in considerably improving the lives and well-being not just of their populace but the rest of the country. Thus, the passage of this bill is highly called for.

A handwritten signature in black ink, appearing to read 'Cesar V. Sarmiento', with a stylized flourish at the end.

CESAR V. SARMIENTO

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**AN ACT AMENDING SECTION 450 OF REPUBLIC ACT 7160 OTHERWISE
KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991, AS AMENDED BY
REPUBLIC ACT NO. 9009, BY EXEMPTING CAPITAL TOWNS OF PROVINCES
WITHOUT CITIES FROM THE INCOME REQUIREMENT SET FORTH THEREIN
AND FOR OTHER PURPOSES**

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

Section 1. Section 450 of Republic Act No. 7160, as amended by Republic
Act No. 9009, is hereby further amended to read as follows:

"Section 450. ***Requisites for Creation.*** – (a) A municipality or a cluster of
barangays may be converted into a component city if it has an 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 (b) if it has either of the following requisites:

- (i) A contiguous territory of at least one hundred (100) square kilometers,
as certified by the Land Management Bureau; or
- (ii) A population of not less than one hundred fifty thousand (150,000)
inhabitants, as certified by the National Statistics Office;

Provided, That, 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.

PROVIDED FURTHER, THAT CAPITAL TOWNS OF PROVINCES WHERE THERE ARE NO EXISTING CITY SHALL BE EXEMPT FROM THE ANNUAL INCOME REQUIREMENT OF ONE HUNDRED MILLION PESOS (P100,000,000) AS PROVIDED FOR IN PARAGRAPH (A) HEREOF TO BE QUALIFIED FOR CONVERSION INTO A CITY;

PROVIDED FINALLY, THAT CAPITAL TOWNS OF PROVINCES WHERE THERE ARE NO EXISTING CITY SHALL HAVE PRIORITY FOR CONVERSION INTO COMPONENT CITIES;

(b) The territorial jurisdiction of a newly-created city shall be properly identified in 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."

Sec. 2. *Plebiscite* – Existing capital towns of provinces without cities are hereby converted into component cities upon approval by a majority of the votes cast in a plebiscite to be held in the said capital towns. The Department of Interior and Local Government (DILG) shall submit to the Commission on Elections (COMELEC) the list of capital towns, which qualify under this Act, within forty five (45) days from the effectivity of this Act.

The COMELEC shall conduct and supervise such plebiscite in qualified towns within one hundred twenty (120) days from receipt of the said list from the DILG. The expenses of such plebiscite shall be borne by the capital towns concerned.

Sec. 3. Rules and regulations. – The DILG shall issue the necessary rules and regulations within forty five (45) days after the effectivity of this Act.

Sec. 4. Applicability of Laws. – The provisions of Republic Act No. 7160 otherwise known as the Local Government Code of 1991, and other laws as are applicable to cities, shall govern the capital towns, which are converted into cities under the immediately preceding section, insofar as they are not inconsistent with the provisions of this Act.

Sec. 5. Repealing Clause.— All laws, decrees, orders, rules and regulations, and other issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified accordingly.

Sec. 6. Effectivity. – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.

Approved,