



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

Sixteenth Congress
First Regular Session

HOUSE BILL NO. 688



Introduced by : **Honorable George P. Arnaiz**

EXPLANATORY NOTE

This bill seeks to provide for the payment to the host local government units of its forty percent (40%) share of the gross tax collection from the utilization and development of national wealth, within its jurisdiction, amending for the purpose the Local Government Code of 1991.

The rapidly changing environment requires a continuing reappraisal of the role of local government units. This is so because government units are a crucial factor in national socio-economic development.

National development involves decentralization and devolution of functions and services to the local level thus; there is a need to maximize the opportunities available and to make adjustments in existing systems and procedures. This will enable the local development planners to deliver services and benefits to the constituents more efficiently.

In order for the local government units to become effective in the national development process, there is a need to continually address their fiscal capability to implement meaningful programs and projects that will benefit not only their constituents but the whole country, as well. The availability of enough financial resources at the disposal of local government units serve, as the backbone of successful and responsive projects.

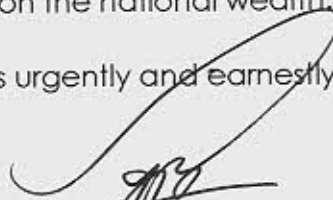
Section 18 of Republic Act No. 7160 otherwise known as the Local Government Code of 1991 mandates that local government units shall have a just share in national taxes which shall be

automatically and directly released to them without need of any further action.

Section 290 of the same Republic Act further provides that local government units, in addition to the internal revenue allotment, have share of forty percent (40%) of the gross collection derived by the national government from the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees or charges including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.

This bill aims to cure the defect in the present system where the forty percent (40%) share of the gross collection derived by the national government from national wealth taxes is not fully remitted directly to the host local government units. The bill, therefore seeks to mandate natural and/or juridical persons, who are engaged in both government and non-government utilization and development of national wealth to directly pay the host local government units their 40% share. Such a move will ensure that host local government units shall receive their just share from taxes levied upon the national wealth.

Approval of this bill is urgently and earnestly recommended.



GEORGE P. ARNAIZ

Representative

2nd District, Oriental Negros



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HOUSE BILL NO. 688

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AN ACT

PROVIDING FOR THE DIRECT PAYMENT TO THE HOST LOCAL GOVERNMENT UNITS OF ITS FORTY PERCENT (40%) SHARE OF THE GROSS TAX COLLECTION FROM THE UTILIZATION AND DEVELOPMENT OF NATIONAL WEALTH WITHIN ITS TERRITORIAL JURISDICTION, AMENDING FOR THE PURPOSE CERTAIN SECTIONS OF REPUBLIC ACT NO. 7160 OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991.

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

SECTION 1. Section 290 of Republic Act No. 7160 otherwise known as the Local Government Code of 1991 is hereby amended to read as follows:

"Sec. 290. Amount of Share of Local Government Units. Local Government units, in addition to the internal revenue allotment, have a share of forty percent (40%) of the gross collection derived by the national government from the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees or charges, including related surcharges, interest, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction:

PROVIDED: HOWEVER, THAT PERSONS, NATURAL OR JURIDICAL, ENGAGED IN UTILIZATION AND DEVELOPMENT OF NATIONAL WEALTH, SHALL REMIT DIRECTLY THE FORTY PERCENT (40%) SHARE TO THE HOST LOCAL GOVERNMENT UNITS, AT THE SAME TIME, THE SIXTY PERCENT (60%) SHARE OF THE NATIONAL GOVERNMENT IS REMITTED.

SECTION 2. Section 293 of the same Act is hereby further amended to read as follows:

"Remittance of the share of Local Government Units. – The share of local government units from the utilization and development of national wealth shall be remitted in accordance with Section [286] 290 of this Code: Provided, however, That in the case x x x x x x"

SECTION 3. All laws, decrees, executive order, rules and regulations which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

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

Approved,