



Republic of the Philippines
House of Representatives
Quezon City

Sixteenth Congress
First Regular Session

HOUSE BILL NO. 1243

Introduced by Representative DEOGRACIAS B. RAMOS, Jr.

EXPLANATORY NOTE

This bill seeks to revise the formula used to determine the share of each province, city and municipality in the internal revenue allotment. Under Section 285 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, allocations of local government units are based on population, land area and equal sharing. The size of a municipality and the coastal water that the LGU has to manage are not factored in the computation.

This arrangement does not favor smaller municipalities, particularly those with a sizable coastal area to maintain and protect. As it is, small towns do not have the financial muscle like large cities in providing basic services and developing local infrastructure.

For this reason, it is necessary to include the size of an LGU's municipal waters to ensure it has adequate funds to manage its area of responsibility.

In view of the foregoing, approval of this bill is earnestly sought.


DEOGRACIAS B. RAMOS JR
Second District, Sorsogon

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HOUSE BILL NO. 1243

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**AN ACT AMENDING REPUBLIC ACT NO. 7160 FOR THE PURPOSE OF
INCLUDING MUNICIPAL WATERS IN THE COMPUTATION OF A LOCAL
GOVERNMENT UNIT'S INTERNAL REVENUE ALLOTMENT**

**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 1991," 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%)

Provided, however, that the share of each province, city, and municipality shall
be determined on the basis of the following:

- a. Population – Fifty percent (50%);
- b. Land Area and Municipal Water area – (25%); and
- c. Equal Sharing – Twenty-five percent – (25%)

SECTION 2. Definition – "Municipal Waters" refers to a body of water that
includes streams, lakes, and tidal waters within the municipality, not being the
subject of private ownership and not comprised within the national parks, public
forest, timber lands, forest reserves or fishery reserves.

It also pertains to marine waters included between two lines drawn perpendicularly to the general coastline from points where the boundary lines of the municipality or city touch the sea at low tide and a third line parallel with the general coastline and fifteen (15) kilometers from it. Where two (2) municipalities are so situated on the opposite shores that there is less than fifteen (15) kilometers of marine waters between them, the third line shall be equally distant from opposite shores of the perspective municipalities;

SECTION 3. *Repealing Clause* - All laws, decrees, executive orders, issuances, rules and regulations, or parts thereof, not consistent with the provisions of this Act are hereby repealed or modified accordingly,

SECTION 4. *Effectivity* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette and two (2) newspapers with a nationwide circulation.

Approved,