

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



First Regular Session

House Bill No. 1251

Introduced by Hon. GWENDOLYN F. GARCIA

**"AN ACT RATIONALIZING THE INCOME REQUIREMENT FOR THE
CREATION OF A PROVINCE AND THE DECLARATION OF HIGHLY-
URBANIZED STATUS IN THE CASE OF COMPONENT CITIES, AMENDING FOR
THE PURPOSE REPUBLIC ACT NUMBERED 7160, OTHERWISE KNOWN AS
THE "LOCAL GOVERNMENT CODE OF 1991"**

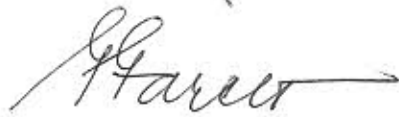
EXPLANATORY NOTE

While Republic Act No. 9009 has made more stringent the income requirement for the conversion of a municipality or cluster of barangays into a component city, the income requirements for the creation of a province and the declaration of highly urbanized status in the case of component cities, have remained the same.

We therefore have a situation where a city may not be created if the income of a municipality or a cluster of barangays falls below P100 million, while for a mere P20 million, a new province may be created. Likewise, we have a situation where, despite the P100 million threshold in the creation of a city, a highly urbanized city may be declared on the basis of a P50 million income.

There is therefore a need to further amend Republic Act o. 7160, otherwise known as the Local Government Code of 1991, in order to rationalize the income requirements for the conversion or declaration of the different species of local government units.

The early passage of this bill, therefore, is urgently sought.


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THE “LOCAL GOVERNMENT CODE OF 1991”**

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

SECTION 1. Section 452 of Republic Act No. 7160, as amended otherwise known as
the Local Government Code of 1991 is hereby amended to read as follows:

SEC. 452. Highly Urbanized Cities. – (a) Cities with a minimum
population of two hundred thousand (200,000) inhabitants, as certified by the
National Statistics Office, and [with the latest] AN AVERAGE LOCALLY-
GENERATED annual income FOR THE LAST TWO (2) CONSECUTIVE
YEARS, as certified by the DEPARTMENT OF FINANCE [city treasurer], of
[at least] NOT LESS THAN TWO HUNDRED Fifty Million Pesos
(P250,000,000.00) [P50,000,000.00] based on [1991] 2000 constant prices [as
certified by the city treasurer,] shall be classified as highly urbanized cities.”

(D) THE AVERAGE ANNUAL INCOME SHALL INCLUDE THE
INCOME ACCRUING TO THE GENERAL FUND, EXCLUSIVE OF THE
INTERNAL REVENUE ALLOTMENT (IRA) SHARES, SPECIAL FUNDS,
TRUST FUNDS, TRANSFERS, AND NON RECURRING INCOME”

SEC.2. Section 461 of the same Code is hereby amended to read as follows:

“SEC. 461. *Requisites for Creation.*- (a) A province may be created if
it has an average LOCALLY-GENERATED annual income FOR THE LAST
TWO (2) CONSECUTIVE YEARS, as certified by the Department of
Finance, of not than less [Twenty] TWO HUNDRED million pesos
(P200,000,000.00) [(P20,000,000.00)] based on [1991] 2000 constant prices
and either of the following requisites:

- (i) A contiguous territory of a least two thousand (2,000) square kilometers, as certified by the Land Management Bureau; or
- (ii) A population of not less than two hundred fifty thousand (250,000) 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.

(b) The territory need not be contiguous if it comprises two (2) or more islands or is separated by a chartered city or cities, which do not contribute to the income of the province.

(c) The average annual income shall include the income accruing to the general fund, exclusive of the INTERNAL REVENUE ALLOTMENT (IRA) SHARES, special funds, trust funds, transfers and non-recurring income."

SEC. 3. All laws, decrees, executive orders, rules and regulations inconsistent herewith are hereby amended, repealed or modified accordingly.

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

Approved,

GWENDOLYN F. GARCIA