

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

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 1367



Introduced By: REPRESENTATIVE MAGNOLIA ROSA ANTONINO NADRES

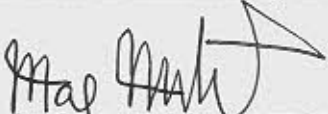
EXPLANATORY NOTE

Republic Act No. 7160 as amended otherwise known as the Local Government Code of 1991 explicitly devolves awesome powers and responsibilities to local government units pursuant to the decentralization policy embodied in the Constitution. This law not only granted local governments forty percent (40%) share from national internal revenue taxes but also broadened their taxing powers. The framers of the Code believed that for the decentralization policy to succeed, the devolution of powers to local government units must be accompanied by financial requirements from the national government.

However, more than two (2) decades after the passage of this landmark legislation, many local government units had been persistently clamoring for the reversion to the national government of the devolved functions and responsibilities, specifically health services. The primary reason is that the forty percent (40%) share from national internal revenue taxes is not sufficient enough to shoulder the cost of devolved functions and responsibilities, particularly those local government units, which belong to lower income classifications.

It is therefore the foremost objective of this bill to increase the share of local government units in the national internal revenue taxes from forty percent (40%) to fifty percent (50%) for a 50-50 sharing scheme.

The approval of this important piece of legislation will effectively serve as a concrete gesture to the persistent clamor of local governments towards ensuring the long-felt-desired autonomy of local government units as mandated by the Constitution.


MAGNOLIA ROSA ANTONINO NADRES
Representative
Fourth District, Nueva Ecija

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AN ACT
INCREASING THE SHARE OF LOCAL GOVERNMENT UNITS IN THE NATIONAL
INTERNAL REVENUE TAXES, FURTHER AMENDING FOR THE PURPOSE
SECTION 284 OF REPUBLIC ACT No. 7160, AS AMENDED OTHERWISE KNOWN AS
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 284 of Republic Act No. 7160 as amended otherwise known as the Local Government Code of 1991 is hereby further amended as follows:

“SECTION 284. *Allotment of Internal Revenue Taxes.* – Local government units shall have a share in the national internal revenue taxes based on the collection of the third fiscal year preceding the current fiscal year as follows:

- (a) On the first year of the effectivity of this Code, thirty percent (30%);
- (b) On the second year, thirty-five percent (35%); [and]
- (c) On the third year, and [thereafter,] **UNTIL DECEMBER 31, 2013** forty percent (40%);[:]
- (d) **BEGINNING JANUARY 1, 2014, AND THEREAFTER, FIFTY PERCENT (50%):**
X X X X X X X”

SEC. 2. The Department of Finance (DOF), in coordination with the Department of Budget and Management (DBM), Department of Interior and Local Government (DILG) and the leagues of local government units shall issue the necessary rules and regulations within sixty (60) days after the effectivity of this Act.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in at least two newspapers of general circulation.

Approved.