



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

SIXTEENTH CONGRESS
First Regular Session



House Bill No. 1549

Introduced by **Honorable ERLPE JOHN "PING" M. AMANTE**

EXPLANATORY NOTE

The present mechanism of income classification of Local Government Units under Executive Order No. 249 provides for the inclusion of the share in the internal revenue in the classification criteria which the undersigned believed, is depriving local governments to showcase the hype of economic development of their localities. This bill seeks to exclude the internal revenue share of the local government in the income classification system, in line with the policy of the State in ensuring local autonomy, thus, giving them power and authority to craft their own destiny.

The current system of income classification is not the real picture of economic development of their local government. There are many local governments especially in the countryside which, based on the local revenues generated are performing well in complying their mandate to provide and initiate all kinds of development in their areas. However, because of the income classification settings, which internal revenue is included; they could not afford to achieve the higher classification because they are only occupying a small land area which is part of computing the IRA. Thus, they are deprived of due recognition in their productivity and performance as local governments.

Further, in investment opportunities, it is unfair for those local governments who were not given higher income classification but with productive local income generation programs and investors are discouraged to put up their investments due to the impression that local government with low income classification is not yet prepared to welcome more business ventures and with no sufficient infrastructure and facilities to accommodate their business necessities.

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

ERLPE JOHN "PING" M. AMANTE



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AN ACT
PROVIDING FOR THE EXCLUSION OF INTERNAL REVENUE ALLOTMENT
IN THE INCOME CLASSIFICATION SYSTEM OF LOCAL GOVERNMENT UNITS,
THEREBY AMENDING SECTION 4(A) OF
EXECUTIVE ORDER NO. 249, SERIES OF 1987
ENTITLED "PROVIDING FOR NEW INCOME CLASSIFICATION OF
PROVINCES, CITIES AND MUNICIPALITIES AND FOR OTHER PURPOSES."

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

Section 1. Section 4(a) of Executive Order No 249, series of 1987 entitled "Providing for new income classification of provinces, cities and municipalities and for other purposes" is hereby amended to read as follows:

a. The term "annual income" shall refer to revenues and receipts realized by provinces, cities and municipalities from regular sources of the local general and infrastructure funds (including) **excluding the internal revenue and non-recurring receipts, (exclusive) such as other national aids, grants, financial assistance, loan proceeds, sales of fixed assets, and (including) similar others but exclusive of specific tax allotments provided for in Republic Act 7610, otherwise known as the Local Government Code of 1991.**

Section 2. *Implementing Rules and Regulations.* For purposes of the implementation of this Act, the Secretary of the Department of Finance shall issue such rules and regulations as he may deem necessary and appropriate Department Orders fixing the new income bracket for the classifications of provinces, cities and municipalities.

Section 3. *Repealing Clause* - All other laws, decrees, orders, issuances and rules and regulations or parts thereof inconsistent with this Act, are hereby repealed or modified accordingly.

Section 4. *Separability Clause* .All other provisions of Executive Order No. 249 not otherwise affected by the provisions of this Act shall remain in full force and effect.

Section 5. *Effectivity Clause* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,