



HOUSE OF REPRESENTATIVES

House Bill No. 2626

Introduced by Representative Susan A. Yap

EXPLANATORY NOTE

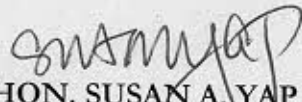
Under Section 6 of Republic Act No. 7160, otherwise known as the 'Local Government Code of 1991', local government units are authorized to create barangays within their territorial jurisdictions by ordinance passed by their respective legislative councils or *sanggunians*. Furthermore, Section 7 of the same law requires that the creation of a barangay should be based on verifiable indicators of viability and projected capacity to provide services. Foremost among these indicators is its income which must be sufficient, based on acceptable standards, to provide for all essential government facilities and services, as well as special functions, commensurate with the size of its population.

In correlation, under Section 285 of the same Code, barangay units are entitled to twenty percent (20%) of the internal revenue allotment (IRA) share of local government units from collected national taxes. However, the same provision directs that the financial requirements of barangays created after the effectivity of the Code shall be borne by the local government units (LGUs) creating them. Thus, newly created barangays are at the mercy of their parent LGUs, which if not so concerned will leave said barangays fending for themselves.

Currently, there are approximately 42,000 barangays in the Philippines, out which 300 have been very recently established. It has been observed that most of these newly created barangays were established for political expediency and for the expansion of the political control of sponsoring politicians in their areas without regard to the capability of the barangays to support their activities. The situation is patently detrimental to the constituents of the affected barangays who are deprived of the basic social services that they need and deserve and should be provided for through their barangays.

In this light, this bill seeks to amend Section 285 of RA 7160 by mandating that henceforth, the financial requirements of barangays created by local government units shall be taken from the internal revenue allotment according to the sharing scheme provided for in the same section. By this measure, it is hoped that these barangays will finally be able to support the needs of their constituents and capacitate them to provide the basic social services mandated by law.

For the foregoing reasons, the immediate passage of the bill is earnestly requested.


HON. SUSAN A. YAP
Representative, Second
District of Tarlac

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AN ACT
GRANTING INTERNAL REVENUE ALLOTMENT TO
BARANGAYS CREATED BY LOCAL GOVERNMENT UNITS
AFTER THE EFFECTIVITY OF REPUBLIC ACT 7160,
AMENDING FOR THIS PURPOSE SECTION 285 OF REPUBLIC
ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE
LOCAL GOVERNMENT CODE OF 1991, AND FOR OTHER
PURPOSES

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

1 **SECTION 1.** Section 285 of Republic Act No. 7160, as amended, otherwise known
2 as the Local Government Code of 1991, is hereby further amended to read as follows:

3 “Section 285. Allocation to Local Government Units. - The share of
4 the local government units in the internal in the internal revenue allotment
5 shall be allocated in the following manner :

- 6 a) Provinces – Twenty-three percent (23%)
7 b) Cities – Twenty- three percent (23%)
8 c) Municipalities- Thirty- four percent (34%) and
9 d) Barangays- Twenty (20%) Provided, however, That the share of
10 each province, city, municipality shall be determined on the basis
11 of the following formula:
12 (a) Population – Fifty percent
13 (b) Land Area –Twenty-five percent (25%) and
14 (c) Equal Sharing- Twenty- five percent (25%)

1 Provided, further that the share of each Barangay with a population
2 of not less than one hundred (100) inhabitants shall not be less than Eighty
3 thousand pesos (P 80,000,00) per annum chargeable against the twenty
4 percent (20%) share of the Barangay from the internal revenue allotment,
5 and the balance to be allocated on the basis of the following:

6 (a) On the first year of the effectivity of this code:

7 (1) Population – Forty percent (40%)

8 (2) Equal sharing – Sixty percent (60%)

9 (b) On the second year:

10 (1) Population- Fifty percent (50%), and

11 (2) Equal sharing- Fifty percent (50%)

12 (c) On the third year and thereafter

13 (1) Population – Sixty percent (60%); and

14 (2) Equal sharing- Forty percent (40%)

15 Provided finally, that **DURING THE YEAR IT WAS**
16 **CREATED**, the financial requirements Barangays created by local
17 government units after the effectivity of this code shall be the responsibility
18 of the local government unit concerned. **IN THE SUCCEEDING YEAR**
19 **AND EVERY YEAR THEREAFTER, THE FINANCIAL**
20 **REQUIREMENTS OF BARANGAYS CREATED BY LOCAL**
21 **GOVERNMENT UNITS SHALL BE TAKEN FROM THE**
22 **REGULAR INTERNAL REVENUE ALLOTMENT ACCORDING**
23 **TO THE FORMULA REPRESENTED IN THIS SECTION”**

24 **SECTION 2. *Separability Clause.*** - If any provision of this Act, or any part
25 thereof, is declared unconstitutional, the same shall not affect the validity and effectivity of
26 the other portions.

27 **SECTION 3. *Repealing Clause.*** - All laws, executive orders, presidential decrees,
28 proclamations, rules, regulations, issuances and enactments of parts thereof inconsistent with
29 this Act are hereby repealed or modified accordingly.

- 1 **SECTION 4. *Effectivity.*** - This Act shall take effect fifteen (15) days from its
- 2 complete publication in the Official Gazette or in a newspaper of general circulation in the
- 3 Philippines, whichever comes earlier.

Approved,