

HOUSE OF REPRESENTATIVES
House Bill No. 2954



Introduced by Representatives Enrique M. Cojuangco and Susan A. Yap

EXPLANATORY NOTE

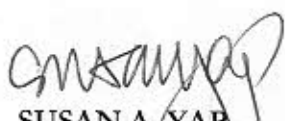
Republic Act No. 9009, in amending Section 450 of Republic Act No. 7160, otherwise known as the Local Government Code, has increased to One Hundred Million Pesos (P100,000,000.00) the required average annual income for the conversion of a municipality to a component city. Moreover, RA 9009 qualified that the average annual income of the local government unit (LGU) concerned must be 'locally-generated' and excludes special funds, transfers and non-recurring incomes. It also required that the amount be certified by the Department of Finance in lieu of the LGU's Treasurer based on 2000 constant prices.

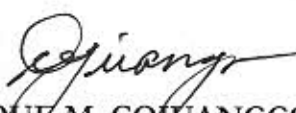
On the other hand, Section 452 of RA 7160 merely required an average annual income of Fifty Million Pesos (P 50,000,000.00) for the conversion of a city to a highly-urbanized one. The amount is to be certified by the City Treasurer based on 1991 constant prices. Similarly, Section 461 of the same Code requires only an average annual income of Twenty Million Pesos (P 20,000,000.00) for the creation of a province.

Hence, we are confronted with a situation where the threshold amounts of average annual incomes required for the conversion and/or creation of various LGUs vary irrationally and may lead to awkward conditions. For example, while P100 million is required for the creation of a city, only P50 million is needed for its conversion to a highly-urbanized city, notwithstanding that the latter is of a higher developmental category.

This bill seeks to rationalize the income requirements for the conversion or declaration of the various kinds of local government units for consistency among the relevant provisions in the Local Government Code with respect to the subject. Furthermore, the measure provides for the exclusion of the Internal Revenue Allotment (IRA) from the contemplation of the average annual income in order to conform with the qualification that the income must be locally-generated and to further promote self-sufficiency on the part of the LGUs to be converted or created.

Likewise, the requirement for a presidential proclamation of a city's status as a highly urbanized one is dispensed with in the bill and instead requires an act of Congress for the conversion of city to HUCs. And to further democratize the process, the bill expands the constituency to be consulted in the plebiscite ratifying the declaration from only the voters of the concerned city to the qualified voters of the province in which the city is a component of.


SUSAN A. YAP
Representative, Second District of Tarlac


ENRIQUE M. COJUANGCO
Representative, First District of Tarlac

HOUSE OF REPRESENTATIVES

House Bill No. **2954**

Introduced by Representatives Enrique M. Cojuangco and Susan A. Yap

AN ACT

RATIONALIZING THE INCOME REQUIREMENTS AND OTHER REQUISITES FOR THE DECLARATION OF HIGHLY URBANIZED STATUS IN THE CASE OF COMPONENT CITIES AND FOR THE CREATION OF A PROVINCE, AMENDING FOR THE PURPOSE SECTIONS 452, 453 AND 461 OF REPUBLIC ACT NO. 7160, 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.

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:

SECTION 452 *Highly Urbanized Cities* –

- a) Cities with a minimum population of two hundred thousand (200,00) inhabitants, as certified by the National Statistics Office, and with [the latest] **AN AVERAGE LOCALLY-GENERATED** annual income **FOR THE LAST TWO (2) YEARS** of [at least] **NOT LESS THAN TWO HUNDRED** Fifty Million Pesos (P 250,000,000.00) [(P50,000,000.00)] based on [1991] 2000 constant prices, as certified by the [city treasurer] **DEPARTMENT OF FINANCE**, shall be classified as highly urbanized cities [.]: **PROVIDED, THAT THE ANNUAL AVERAGE INCOME SHALL INCLUDE THE INCOME ACCRUING TO THE GENERAL FUND, BUT EXCLUDING THE INTERNAL REVENUE ALLOTMENT (IRA) SHARES, SPECIAL FUNDS, TRUST FUNDS, AND NON-RECURRING INCOME.**

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1 **SECTION 2.** Section 453 of Republic Act No. 7160, as amended, is hereby amended to
2 read as follows:

3 **SECTION 453** *Duty to Declare Highly Urbanized Status* - It shall be the duty of the
4 [President] **CONGRESS** to pass a joint resolution declaring a city as highly
5 urbanized within thirty (30) days after it shall have met the minimum requirements
6 prescribed in the immediately preceding section, upon proper [application]
7 **DETERMINATION** therefor [and]: **PROVIDED, THAT THE**
8 **DECLARATION BE RATIFIED** [ratification] in a plebiscite by the qualified
9 voters [therein] **OF THE PROVINCE IN WHICH THE CITY IS A**
10 **COMPONENT OF.**

11 **SECTION 3.** Section 461 of Republic Act No. 7160, as amended, is hereby amended to
12 read as follows:

13 **SECTION 461.** *Requisites for Creation.*

14 a) A province may be created if it has an average annual **LOCALLY-**
15 **GENERATED** income **FOR THE LAST TWO (2) CONSECUTIVE**
16 **YEARS**, as certified by the Department of Finance, of not less than [Twenty]
17 **TWO HUNDRED** Million Pesos (**P 200,000,000.00**) [P 20,000,00] based on
18 [1991] 2000 constant prices and either of the following requisites:

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20 (c) The average annual **LOCALLY-GENERATED** income shall include the
21 income accruing to the general fund, exclusive of **THE INTERNAL**
22 **REVENUE ALLOTMENT (IRA) SHARES**, special funds, trust funds,
23 transfers, and non-recurring income.

24 **SECTION 4. *Implementing Rules and Regulations*** – Within sixty (60) days from the
25 effectivity of this Act, the Department of Interior and Local Government shall promulgate the
26 implementing rules and regulations necessary for its effective implementation.

27 **SECTION 5. *Separability Clause.*** - If any provision of this Act, or any part thereof, is
28 declared unconstitutional, the same shall not affect the validity and effectivity of the other portions.

1 **SECTION 6. *Repealing Clause.*** - All laws, executive orders, presidential decrees,
2 proclamations, rules, regulations, issuances and enactments of parts thereof inconsistent with this
3 Act are hereby repealed or modified accordingly.

4 **SECTION 7. *Effectivity.*** - This Act shall take effect fifteen (15) days from its complete
5 publication in the Official Gazette or in a newspaper of general circulation in the Philippines,
6 whichever comes earlier.

Approved,