

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 4109



Introduced by HON. JULIETTE T. UY

EXPLANATORY NOTE

It is the declared policy of the State to promote autonomy in local governments. Article II, Section 25 of the Constitution that provides that "The State shall ensure the autonomy of local governments." Article X Section 6 states that "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them" while Section 7 provides that "Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits."

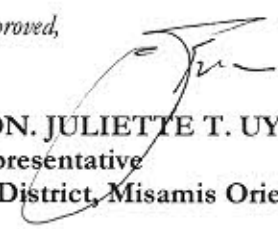
However, the last paragraph of Section 285 of RA No. 7160 otherwise known as the Local Government Code of 1991 states that "the financial requirements of barangays created by local government units after the effectivity of this Code shall be the responsibility of the local government unit concerned." It practically excludes barangays created after the Code's effectivity from receiving their just shares of the Internal Revenue Allotment (IRA), practically negating the constitutional provisions on local government autonomy.

The continued exclusion of such barangays from the IRA severely impairs the delivery of government social services and projects. Thus, this bill is a remedial measure to correct the lopsided, if not unjust distribution of funds among LGUs and arrive at an equitable distribution of LGU shares from national taxes and the utilization and development of the national wealth.

On the other hand, the bill shall also engender strict LGU compliance with the requirements on the creation of barangays. These shall all help in ending the financial deprivation of non-IRA barangays and make local government autonomy a reality for the same.

In view of the foregoing, the passage of this measure is earnestly sought.

Approved,


HON. JULIETTE T. UY
Representative
2nd District, Misamis Oriental

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AN ACT
GRANTING INTERNAL REVENUE ALLOTMENTS TO BARANGAYS CREATED
BY LOCAL SANGGUNIANs, AMENDING FOR THE PURPOSE SECTIONS 6, 7,
AND 285 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS
THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Section 6 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, as amended, is hereby further amended to read as follows:

“Sec 6. Authority to Create Local Government Units. - A local government unit may be created, divided, merged, abolished, or its boundaries substantially altered either by law enacted by Congress in the case of a province, city, municipality, or any other political subdivision, or by ordinance passed by the sangguniang panlalawigan or sangguniang panlungsod concerned in the case of a barangay located within its territorial jurisdiction, subject to **THE STRICT** [such] limitations and requirements prescribed in this Code.

SECTION 2. Section 7 of the Local Government Code of 1991, as amended, is hereby further amended to read as follows:

“Sec. 7. Creation and Conversion. -

“xxx.

Compliance with the foregoing indicators shall be attested to by the Department of Finance (DOF), the **Philippine Statistics Authority (PSA)** [National Statistics Office (NSO)], and the Lands Management Bureau (LMB) of the Department of Environment and Natural Resources (DENR).

SECTION 3. Section 285 of the Local Government Code of 1991, as amended, is hereby further amended to read as follows:

“Sec. 285. Allocation to Local Government Units. - The share of local government units in the internal revenue allotment shall be collected in the following manner:

“XXX.

[Provided, finally, That the financial requirements of barangays created by local government units after the effectivity of this Code shall be the responsibility of the local government unit concerned.]

SECTION 4. All barangays created by the sangguniang panlalawigan or sangguniang panlungsod pursuant to Section 6 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, as amended shall be entitled to an internal revenue allotment share in accordance with the formula prescribed in under Section 285 of the Code after the effectivity of this Act, *Provided That* barangays created by local government units that have failed to meet the population requirement under Section 386 of the Code shall not be entitled to the benefits covered by this Act.

SECTION 5. The Department of Finance (DOF), in close coordination with the Department of Budget and Management (DBM) and Department of Interior and Local Government (DILG) and the leagues of local government units shall issue the necessary implementing rules and regulations within sixty (60) days upon effectivity of this Act.

SECTION 6. All laws, presidential decrees, executive orders, rules and regulations, and parts thereof which are inconsistent with any of the provisions of this Act shall be deemed repealed or modified accordingly.

SECTION 7. This Act shall take effect fifteen (15) days after its complete publication in two (2) newspapers of general circulation.

Approved,