



16th CONGRESS OF THE Republic of the Philippines)
FIRST REGULAR SESSION)



HOUSE OF REPRESENTATIVES
HOUSE BILL NO. 4250

INTRODUCED BY HONORABLE GUS S. TAMBUNTING

EXPLANATORY NOTE

The Local Government Units are the backbone of the government. They are in the forefront of the government in pursuing national development and progress. Indeed, they are the prime movers of executive mandate.

Enshrined in the 1987 Constitution, Article X, Section 6 provides that "local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them."

More so the Local Government Code of 1991 declares that the local government units (LGUs) shall have a share in the national internal revenue taxes.

This legislation aims to provide fiscal independence to the LGUs and providing additional source of funds as well. The increase of 50% means more resources at the grass root level.

It is in this light that immediate passage of this bill is earnestly sought.


GUS S. TAMBUNTING



16TH CONGRESS OF THE REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES
HOUSE BILL NO. **4250**

Introduced by HONORABLE GUS S. TAMBUNTING

AN ACT
PROVIDING FOR THE SHARE IN THE NATIONAL TAXES OF LOCAL GOVERNMENT
UNITS, AMENDING FOR THIS PURPOSE REPUBLIC ACT NO. 7160, 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. Beginning the fiscal year following the effectivity of this Act, local government units shall have a fifty percent (50%) share in the national taxes based on the collection of the third fiscal year preceding the current fiscal year: Provided, that in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of finance, Secretary of Interior and Local Government, and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the presidents of the various leagues of the local government units, to make the necessary adjustments in the share in the national taxes of local government units but in no case shall the share be less than forty percent (40%) of the collection of national taxes of the third fiscal year preceding the current fiscal year.

SECTION 2. As used in this Act:

- (1) "Local Government Units" shall refer to provinces, cities, municipalities, and barangays;
- (2) "National Taxes" shall refer to and include the national internal revenue taxes collected by the Bureau of Internal Revenue, and the tariffs, duties, fees, and charges, as well as the national internal revenue taxes, if any, collected by the Bureau of Customs;
- (3) "National Internal Revenue Taxes" shall include the value-added tax;

SECTION 3. The share in the national taxes created under this Act of each local government unit shall be determined following the formula provided under Section 285 of Republic Act No. 7160.

SECTION 4. Each local government unit shall appropriate in its annual budget no less than twenty percent (20%) of its share in the national taxes for development projects. Copies of the development plans of local government units shall be furnished by the Department of Interior and Local Government.

SECTION 5. The Secretary of Finance, in consultation with the Secretary of Budget and Management, shall promulgate the necessary rules and regulations for a simplified disbursement scheme designed for the speedy and effective enforcement of the provisions of this Act.

SECTION 6. Section 284 under Chapter I, Title III of Republic Act No. 7160, and all laws, presidential decrees, executive orders, letters of instruction, rules and regulations which are inconsistent with any of the provisions of this Act is hereby repealed or modified accordingly.

SECTION 7. If, for any reason or reasons, any part or provision of this Act shall be held to be unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 8. This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in any newspaper of general circulation.

Approved,



GUS S. TAMBUNTING