

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

House Bill No. **6615**



Introduced by Representative GLORIA MACAPAGAL ARROYO

AN ACT
AMENDING SECTION 285 OF R.A. 7160 OTHERWISE KNOWN AS THE LOCAL
GOVERNMENT CODE OF 1991

Barangays and municipalities created by law or local government units are not provided with funds prior to being included in the General Appropriations Act for their Internal Revenue Allocation. These newly-created LGUs are dependent on their LGU mother units for their operational and other needs until such time as their respective IRAs are fixed.

Currently, Section 285 of R.A. 7160 provides that the allocation shall be the responsibility of the local government unit concerned. In order to fully implement the plans and programs of the newly-created barangays and municipalities and for them to carry out their functions effectively, there is a need to provide for these LGUs prior to them being listed in the GAA.

This bill proposes to revise Section 285 of the existing law, to give the responsibility of determining and allocating their respective Internal Revenue Allotments to the Department of Budget and Management, thereby ensuring that the operations of newly-created LGUs are uninterrupted.

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


GLORIA MACAPAGAL ARROYO
2nd District, Pampanga

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

SECTION 1. Section of 285 of Republic Act No. 7160 is hereby amended to read as follows:

"Section 285. *Allocation to Local Government Units.* – The share of local government units in the internal revenue allotment shall be allocated in the following manner:

- (a) Provinces – Twenty-three percent (23%)
- (b) Cities - Twenty-three percent (23%)
- (c) Municipalities – Thirty-four percent (34%); and
- (d) Barangays – Twenty percent (20%)

Provided, however, That the share of each province, city and municipality shall be determined on the basis of the following formula:

- (a) Population – Fifty percent (50%)
- (b) Land area – Twenty-five percent (25%)
- (c) Equal sharing - Twenty-five percent (25%)

PROVIDED, FINALLY, THAT THE FINANCIAL REQUIREMENTS OF BARANGAYS AND MUNICIPALITIES CREATED BY LAW OR BY THE LOCAL GOVERNMENT UNITS FROM THE ENACTMENT OF THIS ACT SHALL BE PROVIDED BY THE DEPARTMENT OF BUDGET AND MANAGEMENT, IN ACCORDANCE WITH THE FORMULA PRESCRIBED IN THIS SECTION.

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Sec. 2. *Repealing Clause.* – All laws, issuances, rules or regulations inconsistent with the provision of this Act is hereby repealed, modified, or amended accordingly.

Sec. 3. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its publication in at least two (2) newspapers of general circulation.

Approved,