

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH (17th) CONGRESS
Second Regular Session

HOUSE BILL NO. 6910



Introduced by
Representatives Feliciano R. Belmonte Jr. and
Jose Christopher Y. Belmonte

EXPLANATORY NOTE

Personnel are key assets in public organizations. They are the conduit through which government programs and policies are implemented. They are the corporal agents through which the mandate of the State and its instruments are translated into concrete and tangible service to the public.

These observations cannot be any truer than in the context of our local government units. Our public servants are always on the frontline of providing public service to our constituents and at the same time, ensuring that fiscal goals of their respective units are met. They are vital partners of the state in realizing local and national development objectives and aspirations.

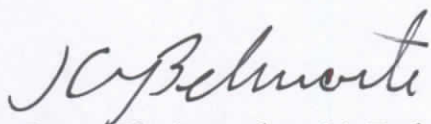
However, most local government personnel are not well compensated. They receive salaries that often are not at par with their level of expertise. Many are tempted to leave local government service in exchange for attractive compensation packages offered by private companies locally and abroad. Even fresh graduates or those looking for jobs hardly consider taking a career path in serving at the local government level primarily because of the meager compensation. The brain drain phenomenon is very much apparent in the local government setting.

To address this, there is a need to offer equitable compensation to local government personnel in accordance with the value of their competencies and hard work. Local governments which have financial capability to offer bigger compensation packages are clasped from doing so because of legal and procedural obstacles in providing additional benefits to their employees.

Through this bill, we seek to address this problem by empowering local governments to provide additional benefits and incentives to their employees within known parameters and qualifications especially on the financial capacity of the local government unit to adopt a personnel incentive plan. If we are to keep good men and women in our local capitols, we must think of their welfare and that of their families now.

Given the foregoing, immediate passage of this bill is earnestly sought.

Hon. Feliciano Belmonte, Jr.
4th District, Quezon City


Hon. Jose Christopher Y. Belmonte
6th District, Quezon City



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH (17th) CONGRESS
Second Regular Session

HOUSE BILL NO. 6910

Introduced by
Representative Feliciano R. Belmonte Jr. and
Jose Christopher Y. Belmonte

**AN ACT EMPOWERING LOCAL GOVERNMENT UNITS
TO GRANT ADDITIONAL FISCAL INCENTIVES TO PERSONNEL**

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

SECTION 1. *Short Title.* – This Act shall be known as the “Local Government Personnel Fiscal Incentives Act.”

SEC. 2. *Declaration of Policy.* – It is the policy of the State to pay just and equitable compensation to local government personnel in accordance with the principle of equal pay for work of equal value and one that is generally comparable with those in the private sector doing comparable work in order to attract, retain and motivate a corps of competent civil servants.

SEC. 3. *Fiscal Incentives for Local Government Personnel.* – In addition to the basic salary, bonuses and other compensation granted by law, rules and regulations, all local government units may provide fiscal

incentives to its personnel not exceeding fifteen percent (15%) of its median annual revenue for the last three (3) years, which may include the following:

- a) performance bonus;
- b) rice and food allowance;
- c) clothing allowance;
- d) health maintenance organization (HMO) coverage;
- e) housing benefits; and
- f) other similar benefits and facilities.

SEC. 4. Conditions for Granting Fiscal Incentives. – Fiscal incentives for local government employees under this Act shall be proposed by the local chief executive subject to the concurrence of the local *Sanggunian* in an ordinance passed for the purpose, *Provided* the following conditions are met:

- a) annual fiscal incentives for employees shall be subject to the limitations provided under Title V, Book II and other pertinent provisions of Republic Act No. 7160, otherwise known as the "Local Government Code of 1991;"
- b) appropriations for annual fiscal incentives shall be sourced from any savings the local government unit may have at the end of the fiscal year;
- c) in no case shall the total appropriations for fiscal incentives exceed the savings of the local government unit in the immediately preceding fiscal year;
- d) as certified by its Treasurer, the local government unit must have a budget surplus from the immediately preceding fiscal year available for disbursement in cash, and not earmarked for any other purpose;
- e) as certified by the Department of Interior and Local Government, the local government unit has satisfactorily implemented its performance targets, policies and programs; and
- f) the implementation of a fiscal incentive plan shall not downgrade the local government unit into a lower income class local government unit.

SEC. 5. *Fiscal Incentives Plan* – Local chief executives shall submit the local government unit's fiscal incentives plan for its personnel and the ordinance approving the same to the Department of Budget and Management specifying that the requirements provided in Section 4 herein have been duly complied with.

SEC. 6. *Appropriations*. – The amount necessary to implement an approved fiscal incentives plan for employees shall be sourced from the general fund of the local government unit and shall form part of its annual budget.

SEC. 7. *Implementing Rules and Regulations*. – The Department of Budget and Management shall issue the implementing rules and regulations not later than ninety (90) days from the approval of this Act.

SEC. 8. *Separability Clause*. – If any provision or part of this Act, or any part thereof, be declared unconstitutional or invalid, the same shall not affect the validity and effectivity of the other portions.

SEC. 10. *Repealing Clause*. – All laws, executive orders, presidential decrees, proclamations, rules and regulations, issuances and enactments or parts thereof inconsistent with the provisions of this Act are hereby amended or repealed accordingly.

SEC. 11. *Effectivity*. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,