

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8343



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

Republic Act No. 7160 or the Local Government Code was signed in 1991 to fulfill policy of the State, as enshrined in the 1987 Philippine Constitution, to decentralize governance and allow autonomy for local government units (LGUs). The Local Government Code is expected to provide for a more responsive and accountable structure of local government.

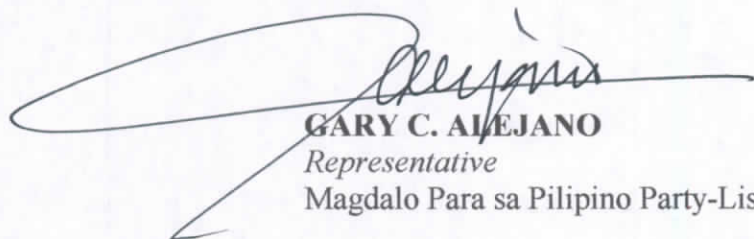
However, nearly 27 years after enactment, no comprehensive review was done to RA No. 7160. This despite provisions in the code specifically in Section 521 of the Code which provides that a review should be conducted every 5 years

Despite no major review of the Code since 1992, several amendments were introduced through legislation throughout the years. One such amendment was introduced thru Republic Act No. 9009. Republic Act 9009 amended the provision in Section 450 of the Code regarding the requisites for the creation or conversion of a municipality or a cluster of barangays into a component city by increasing its annual income requirement.

Yet, this requirement would only apply to municipalities aspiring to become a component city. The old requirements for conversion of other local government units remain the same. Like many great pieces of legislation, however, the law has to be assessed and amended to address new needs and recommend solutions to the burgeoning problems of local governance.

Hence, this bill seeks to amend Sections 442, 450, 452 and 461 of the Code which are the requisites for the creation of municipality, city, highly urbanized city and provinces based on an income requirement which is founded on average annual locally generated LG income with the following thresholds: Municipality, 12.5 million in 2000 prices or 22 million in 2016 prices; city and province, 100 million in 2000 prices or 178 million in 2016 prices; highly urbanized cities, 250 million in 2000 prices or 445 million in 2016 prices. With this amendment, LGUs would have to increase their locally generated income in order to qualify for conversion.

The proposed amendment is designed to strengthen local government units, assuring the growth and development of self-reliant and dynamic communities throughout the country.


GARY C. ALEJANO
Representative
Magdalo Para sa Pilipino Party-List

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AN ACT

UPDATING THE REQUISITES FOR THE CREATION OF MUNICIPALITIES, CITIES, AND PROVINCES BY AMENDING CERTAIN PROVISIONS IN BOOK III OF REPUBLIC ACT 7160, 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:

1 **SECTION 1.** Section 442 (a) of the Code is hereby amended to read as follows:
2

3 **“SEC.442. Requisites for Creation. -** (a) A municipality may be created if it has an
4 average annual **LOCALLY-GENERATED** income, as certified by the provincial
5 treasurer, of at least [Two million five hundred thousand pesos (P 2,500,000.00)]
6 **TWELVE MILLION FIVE HUNDRED THOUSAND PESOS (P 12,500,000.00)**
7 **IN 2000 PRICES OR TWENTY-TWO MILLION PESOS (P 22,000,000.00) IN**
8 **2016 PRICES** for the last two (2) consecutive years [based on the 1991 constant
9 prices]; a population of at least twenty-five thousand (25,000) inhabitants as certified
10 by the National Statistics Office; and a contiguous territory of at least fifty (50)
11 square kilometers as certified by the Lands Management Bureau: Provided, That the
12 creation thereof shall not reduce the land area, population or income of the original
13 municipality or municipalities at the time of said creation to less than the minimum
14 requirements prescribed herein.

15
16 (b) X X X”

17
18 **SEC. 2.** Section 450 (a) of the Code is hereby amendment to read as follows:
19

20 **“SEC. 450. Requisites for Creation. -** (a) A municipality or a cluster of
21 barangays may be converted into a component city if it has an average annual
22 **LOCALLY-GENERATED** income, as certified by the Department of Finance, of at
23 least [Twenty million (P20,000,000.00)] **ONE HUNDRED MILLION PESOS (P**
24 **100,000,000.00) IN 2000 PRICES OR ONE HUNDRED SEVENT-EIGHT**
25 **MILLION PESOS (P 178,000,000.00) IN 2016 PRICES** for the last two (2)
26 consecutive years [based on 1991 constant prices], and if it has either of the
27 following requisites:
28

1 (i) a contiguous territory of at least one hundred (100) square kilometers, as certified
2 by the Lands Management Bureau; or

3
4 (ii) a population of not less than one hundred fifty thousand (150,000) inhabitants, as
5 certified by the National Statistics Office:

6 Provided, That, the creation thereof shall not reduce the land area, population, and
7 income of the original unit or units at the time of said creation to less than the
8 minimum requirements prescribed herein.

9
10 (b) X X X”

11
12 **SEC. 3.** Section 452 (a) of the Code is hereby amended to read as follows:

13
14 **“SEC. 452. Highly Urbanized Cities.** - (a) Cities with a minimum population of two
15 hundred thousand (200,000) inhabitants as certified by the National Statistics Office,
16 and [within the latest annual income of at least Fifty Million Pesos (P50,000,000.00)
17 based on 1991 constant prices] **AVERAGE ANNUAL LOCALLY-GENERATED**
18 **INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P**
19 **250,000,000.00) IN 2000 PRICES OR FOUR HUNDRED FORTY-FIVE**
20 **MILLION PESOS (P 445,000,000.00) IN 2016 PRICES**, as certified by the city
21 treasurer, shall be classified as highly urbanized cities.

22
23 (b) X X X”

24
25 **SEC. 4.** Section 461 (a) of the Code is hereby amended to read as follows:

26
27 **“SEC. 461. Requisites for Creation.** - (a) A province may be created if it has an
28 average annual **LOCALLY-GENERATED** income, as certified by the Department
29 of Finance, of not less than [Twenty million pesos (P20,000,000.00) based on 1991
30 constant prices] **ONE HUNDRED MILLION PESOS (P 100,000,000.00) IN 2000**
31 **PRICES OR ONE HUNDRED SEVENT-EIGHT MILLION PESOS (P**
32 **178,000,000.00) IN 2016 PRICES** and either of the following requisites:

33
34 (i) a contiguous territory of at least two thousand (2,000) square kilometers, as
35 certified by the Lands Management Bureau; or

36
37 (ii) a population of not less than two hundred fifty thousand (250,000) inhabitants as
38 certified by the National Statistics Office:

39 Provided, That, the creation thereof shall not reduce the land area, population, and
40 income of the original unit or units at the time of said creation to less than the
41 minimum requirements prescribed herein.

42
43 (b)”

44
45 **SEC. 5. Repealing Clause.** All general and special laws, acts, city charters, decrees,
46 executive orders, proclamations and administrative regulations, or part or parts thereof which are
47 inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

1 **SEC. 6. *Separability Clause.*** If, for any reason or reasons, any part of provision of this
2 Act shall be held unconstitutional or invalid, other parts or provisions hereof which not affected
3 thereby shall continue to be in full force and effect.
4

5 **SEC. 7. *Effectivity Clause.*** This Act shall take effect after fifteen (15) days from its
6 publication in the Official Gazette or in at least two (2) newspaper of general circulation.

Approved,