

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 9264



INTRODUCED BY HONORABLE CHERYL P. DELOSO-MONTALLA

AN ACT
ALLOWING THE CONVERSION OF A MUNICIPALITY
INTO A COMPONENT CITY IN A PROVINCE THAT DOES NOT HAVE AN
EXISTING COMPONENT CITY, AMENDING FOR THE PURPOSE
SECTION 450 OF RA 7160, AS AMENDED BY RA 9009,
OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

EXPLANATORY NOTE

For a municipality to be converted into a city, the Local Government Code provides:

“SECTION 450. *Requisites for Creation.* - (a) A municipality or a cluster of barangays may be converted into a component city if it has an average annual income, as certified by the Department of Finance, of at least Twenty million pesos (20,000,000.00) for the last two (2) consecutive years based on 1991 constant prices, and if it has either of the following requisites:

- (i) a contiguous territory of at least one hundred (100) square kilometers, as certified by the Land Management Bureau; or,
- (ii) a population of not less than one hundred fifty thousand (150,000) inhabitants, as certified by the National Statistics Office.

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

(b) The territorial jurisdiction of a newly-created city shall be properly identified by metes and bounds. The requirement on land area shall not apply where the city proposed to be created is composed of one (1) or more islands. The territory need not be contiguous if it comprises two (2) or more islands.

(c) The average annual income shall include the income accruing to the general fund, exclusive of special funds, transfers, and non-recurring income.”

Substantial differences do exist between a municipality and a city. For one, there is a material change in the political and economic rights of the local government unit when it is converted from a municipality to a city and undoubtedly, these changes affect the people as well.¹

As may be gleaned from the Local Government Code, the creation or conversion of a local government unit is done mainly to help assure its economic viability. Such creation or conversion is based on verified indicators:

¹ *Miranda v. Aguirre*, 314 SCRA 603, 610 (1999).

“SECTION 7. *Creation and Conversion.* --- As a general rule, the creation of a local government unit or its conversion from one level to another shall be based on verifiable indicators or viability and projected capacity to provide services, to wit:

(a) **Income.** --- It must be sufficient, based on acceptable standards, to provide for all essential government facilities and services and special functions commensurate with the size of its population, as expected of the local government unit concerned;

(b) **Population.** --- It shall be determined as the total number of inhabitants within the territorial jurisdiction of the local government unit concerned; and

(c) **Land Area.** --- It must be contiguous, unless it comprises two (2) or more islands or is separated by a local government unit independent of the others; properly identified by metes and bounds with technical descriptions; and sufficient to provide for such basic services and facilities to meet the requirements of its populace.

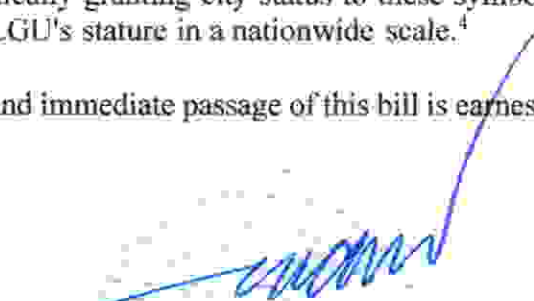
Compliance with the foregoing indicators shall be attested to by the Department of Finance (DOF), the National Statistics Office (NSO), and the Lands Management Bureau (LMB) of the Department of Environment and Natural Resources (DENR).²

Based on the 2018 report of the Philippine Statistics Authority, there are thirty-two (32) provinces without a component city that will benefit from this legislation. Of the qualified provinces, sixteen (16) are in Luzon, six (6) in Visayas, and ten (10) in Mindanao. The case of the Province of Zambales is peculiar in that Olongapo City, a chartered city, is situated geographically in its periphery. Thus, the anticipated economic gains that the presence of Olongapo City can give to the municipalities of the Province of Zambales is, at most, minimal particularly to the towns north of its capital.

Having a component city is a catalyst for change and development in a province. Its character complements each other and carries economic gains in adjacent municipalities. Having at least one component city in a province is instrumental in boosting socio-economic development in the area. It promotes commerce, improved delivery of services, tourism and alternative sources of income to the communities. To function and become a city is more of a character rather than just financial, population or land requirement. Even a small municipality can qualify as a city when it can perform and has the character and functions of a city. It can even excel further if the qualified municipality is the center of commerce to neighboring towns, provides services and maintains supply of goods.³

Capital towns are generally designated and perceived to be the seat of government and at the same time the center of local trade or business of a province where usual day-to-day commercial and state transactions occur. Automatically granting city status to these symbolic representations, such as the capital, advances the LGU's stature in a nationwide scale.⁴

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



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² Section 7, Chapter 2, Book I, Local Government Code.

³ Ibid.

⁴ Explanatory Note of House Bill No. 3021, authored by Hon. Wilter “Sharkee” Wee Palma II

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

SECTION 1. Section 450 of Republic Act No. 7160 as amended by Republic Act No. 9009, otherwise known as the Local Government Code of 1991 is hereby further amended to read as follows:

“SECTION 450. Requisites for Creation. - (a) A municipality or cluster of barangays may be converted into a component city if it has a locally generated average income, as certified by the Department of Finance, of at least One hundred million pesos (P100,000,000.00), for the last two (2) consecutive years based on [2000] 2012 constant prices, and if it has either of the following requisites:

- (i) A contiguous territory of at least one hundred (100) square kilometers, as certified by the Land Management Bureau; or
- (ii) A population of not less than one hundred fifty thousand (150,000) inhabitants, as certified by the National Statistics Office

THE REQUISITES FOR CREATION PRESCRIBED HEREIN SHALL NOT APPLY IF THE MUNICIPALITY BELONGS TO A PROVINCE THAT DOES NOT HAVE AN EXISTING COMPONENT CITY: PROVIDED, THAT THE MUNICIPALITY SHALL QUALIFY WITH THE REQUIREMENTS AND CHARACTER OF A CITY AS PROVIDED UNDER THIS BILL.

SECTION 2. Scope and Prioritization. - All provinces without an existing component city shall be covered by this Act. The component city to be prioritized shall be selected only among the respective province's capital town or first (1st) class municipalities. Further, priority shall be given to the municipality with the highest locally generated average annual income, as certified by the Department of Finance.

SECTION 3. Requirements. - After determination of the candidate municipality, it shall undergo compliance with the following requirements and characteristics of a city. The Department of the Interior and Local Government (DILG) shall evaluate and issue the certificate of compliance for purposes of this Act.

- (a) Aside from the mandatory offices in its charter, at least 3 of the following local government offices, including personnel, shall be established.

1. DRRM Office
 2. Local Economic and Investment Promotion Office
 3. Tourism Office
 4. Environment Office
- (b) It shall submit at least 3 of the following development or management plans:
1. 10-Year Solid Waste Management Plan
 2. Local Shelter Plan
 3. Peace and Order and Public Safety Plan
 4. Comprehensive Land Use Plan and/or Comprehensive Development Plan
 5. Human Resource Management and Development Plan
 6. Gender and Development Plan
- (c) It shall establish at least 3 of the following infrastructures for evaluation:
1. Central Market
 2. Unified PUV terminal
 3. Solid Waste Facilities (Central MRF, MRF or MRS in barangays, approved disposal facility/access to approved disposal facility)
 4. Evacuation center
 5. Road networks (paved roads)
 6. Drug rehabilitation center and/or Special Drug Education Center
- (d) It shall have at least 3 of the following economic characteristics similar to a city:
1. High business retention with an approved business and investment incentive code
 2. Has a central business district
 3. Business friendly
 4. Average revenue growth for the last 3 years is positive
 5. Local development fund allocation is followed and is disbursed
 6. High employment density compared to other municipalities in province

SECTION 4. *Additional Exemption.* - All municipalities that will qualify as potential candidates shall be exempted from the Personnel Services Limitation upon effectivity of this Act. Such exemption shall be effective for at most two (2) years or until a municipality within the province shall have been converted into a city, whichever comes first.

If a candidate municipality qualifies and is subsequently converted into a city, the exemption in this item shall apply for an additional three (3) years from the date of its conversion.

SECTION 5. *Funding.* - The Department of Budget and Management (DBM) shall allocate funds for the first five (5) years the Internal Revenue Allotment (IRA) of the newly established component cities. This allocation shall be an addition and separate from the IRA of already existing cities so as to not drastically decrease the allocation for all cities.

SECTION 6. *Effectivity.* - This act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,