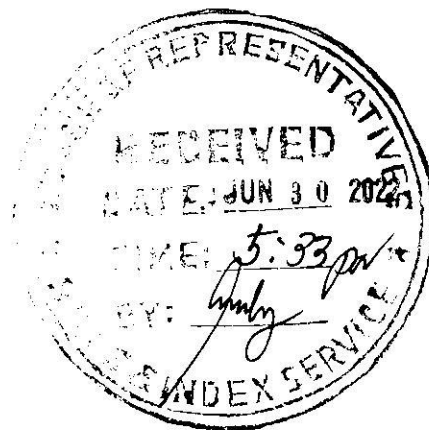


Republic of the Philippines
HOUSE OF REPRESENTATIVES
 Quezon City, Metro Manila

NINETEENTH CONGRESS
 First Regular Session

HOUSE BILL NO. 427



Introduced by Representative **CARLITO S. MARQUEZ**

EXPLANATORY NOTE

This bill seeks to strengthen and provide support to local government units (LGUs) which have difficulty in coping with the developed and urbanized counterparts.

Devolution by virtue of Republic Act 7160, otherwise known as the Local Government Code of 1991, champions local governments to provide for the basic social services to its constituents. The funding for these functions comes from national taxes through the national tax allocation (NTA), formerly known as the Internal Revenue Allotment. However, the policy design is seen to have fiscal vertical and horizontal imbalances among the LGUs. The distribution formula favors the LGUs with bigger tax bases.

Cities, that are classified based on their income, land area, and population such as Highly Urbanized Cities, Independent Component Cities, and Component Cities, have an economic advantage over municipalities. Although they receive a 23-percent share, each city receives more tax shares than each of the 1,488 municipalities which are sharing in the 34-percent formula. In effect, municipalities are forced to find alternatives to increase its funding for the devolved functions.

While municipalities aspire to become assured with economic viability, the LGUs strive to meet the minimum requirements for cityhood. This includes capital towns in provinces that bear the burden in providing for the needs of its constituents even those who come from adjacent municipalities. Based on the 2021 Philippine Statistics Authority Provincial Summary, there are 28 out of 81 provinces with no component cities, independent component cities, or highly urbanized cities within its territorial jurisdiction. Their historical and cultural centers or capitals remain to be mere towns or municipalities:

REGION	PROVINCE	CAPITAL TOWN
Cordillera Administrative Region	Abra Apayao Ifugao Mountain Province	Bangued Kabugao Lagawe Bontoc
Cagayan Valley (Region II)	Batanes Nueva Vizcaya Quirino	Basco Bayombong Cabarroguis
Central Luzon (Region III)	Aurora	Baler
MIMAROPA (Region IV-B)	Marinduque Occidental Mindoro Romblon	Boac Mamburao Romblon
Bicol Region (Region V)	Camarines Norte Catanduanes	Daet Virac
Western Visayas (Region VI)	Aklan Antique Guimaras	Kalibo San Jose Jordan
Central Visayas (Region VII)	Siquijor	Siquijor
Eastern Visayas (Region VIII)	Biliran Northern Samar	Naval Catarman
Zamboanga Peninsula (Region IX)	Zamboanga Sibugay	Ipil
Northern Mindanao (Region X)	Camiguin	Mambajao
Davao Region (Region XI)	Compostela Valley Davao Occidental	Nabunturan Malita
SOCCSKSARGEN (Region XII)	Sarangani	Alabel
Caraga (Region XIII)	Dinagat Islands	San Jose
Bangsamoro Autonomous Region in Muslim Mindanao	Maguindanao Sulu Tawi-Tawi	Buluan Jolo Bongao

Accordingly, these capital towns even serve as a center for trade, tourism, and the seat of government –each corresponding NTA share is inadequate for the capital towns to provide better access to services and devolved functions.

With respect to the present provision of Republic Act No. 9009, there should be an exception in which provinces without cities within their territorial jurisdiction be waived on meeting the minimum requirements based on the income, land area, and population to convert their respective capital towns to a component city. Such motion employs better opportunity for the locality not only on the fiscal viability but also towards greater resources stimulating growth and development.

Immediate approval of this bill is earnestly sought.


ENGR. CARLITO “Lito” S. MARQUEZ

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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NINETEENTH CONGRESS
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HOUSE BILL NO. 427

Introduced by Representative CARLITO S. MARQUEZ

AN ACT

AMENDING SECTION 450 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE, BY AUTOMATICALLY CONVERTING CAPITAL TOWNS OF PROVINCES WITHOUT CITIES CLASSIFIED EITHER HIGHLY URBANIZED CITIES, INDEPENDENT COMPONENT CITIES, OR COMPONENT CITIES

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

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

“Sec 450. Requisites for Creation. -(a) A municipality or a cluster of barangays may be converted into a component city if it has a locally generated average annual income, as certified by the Department of Finance, of at least One hundred million pesos (P100,000,000) for the last two (2) consecutive years based on 2000 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 therein.

PROVIDED, FURTHER, THAT THE MINIMUM REQUIREMENTS PRESCRIBED HEREIN SHALL NOT APPLY IF A MUNICIPALITY TO BE CONVERTED INTO A CITY IS THE CAPITAL TOWN OF A PROVINCE HAVING NO CLASSIFIED CITIES WITHIN ITS TERRITORIAL JURISDICTION.

(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 s requisites for Creation."

Sec. 2. Repealing Clause. – All laws, decrees, executive orders and regulations, issuances or parts thereof inconsistent with his Act are hereby repealed or amended accordingly.

Sec. 3. Effectivity. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,