Republic of the Philippines
HOUSE OF REPRESENTATIVES
Batasan Hills, Quezon City

NINETEENTH CONGRESS
Second Regular Session

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HOUSE BILL NO. 10513

Introduced by
HON. ATTY. GERVILLE "JINKY BITRICS" R. LUISTRO

AN ACT INSTITUTIONALIZING THE INCOME CLASSIFICATION OF BARANGAYS, PROVIDING A BARANGAY EQUALIZATION FUND, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Under Republic Act. 7160 otherwise known as the Local Government Code of 1991, barangays as the smallest political unit under the executive branch are tasked with the planning and implementation of government policies and programs in the community level. It can be expected that barangays, as a political unit that operates closest with its constituents, to have a better grasp of needs of the community, providing the most basic of public services and pursuing programs that aim to develop constituents' living and economic conditions and improve overall quality of life.

Not all barangays, however, are equal in the resources available to them. Even with the so-called *Mandanas* Ruling which increases the just shares of Local Government Units (LGUs) from national tax collections, LGUs identified in the lower-income class municipalities might not generate enough resources to effectively deliver government programs and services.

This bill seeks to address the budgetary deficiencies that impede barangays, especially those from lower-income class municipalities, from effectively delivering programs and services to the people as a budgetary augmentation measure. In particular, this bill will help support barangay programs aimed at infrastructure development, livelihood promotion, social service delivery, as well as improving nutrition at the barangay level.

In the 18th Congress, this bill was filed by Rep. Ron P. Salo which was primarily referred to the Committee on Local Government.

In view of the foregoing, approval of the Bill is earnestly sought.

HON. ATTY. GERVILLE "JINKY BITRICS" R. LUISTRO

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

SECTION 1. *Declaration of Policy*. Section 9, Article I of the 1987 Constitution states that "the State shall promote a just and dynamic social order that will ensure the prosperity and independence of the nation and free the people from poverty through policies that provide adequate social services, promote full employment, a rising standard of living, and an improved quality of life for all."

SECTION 2. *Barangay Equalization Fund*. There shall be included in the annual national budget a Barangay Equalization Fund for every barangay. The appropriation of each barangay shall be based on the Philippine Statistics Authority's income classification of the city or municipality in which the barangay belongs. The Barangay Equalization Fund shall be on top of the Internal Revenue Allotment share that each barangay is already receiving from the national government.

a. Every barangay of Fourth, Fifth and Sixth Class municipalities shall receive an annual appropriation of six million pesos (₱ 6,000,000.00)
b. Every barangay of First, Second and Third Class municipalities shall receive an annual appropriation of five million pesos (₱ 5,000,000.00).
c. Every barangay of Fourth, Fifth and Sixth Class cities shall receive an annual appropriation of four million pesos (₱ 4,000,000.00).

d. Every barangay of First, Second and Third Class cities shall receive an annual appropriation of three million pesos (₱ 3,000,000.00).

SECTION 3. *Trust Fund Classification*. The Barangay Equalization Fund shall be released annually to every barangay before March 1st of the calendar year and shall be treated as a trust fund in their annual budget.

SECTION 4. *Exclusive Allocation.* The fund shall be solely allocated for the upliftment of the economic life of the constituents of the barangay, and shall specifically be allotted as follows:

a. Twenty-five per cent (25%) shall be allocated for infrastructure development;

b. Twenty-five per cent (25%) shall be allocated for livelihood programs;

c. Twenty-five per cent (25%) shall be allocated for social services such as medical, educational, transportation, burial, and food subsidy assistance; and,

d. Twenty-five per cent (25%) shall be allocated for a barangay nutrition program.

Not more than 5% of the allocated amount shall be spent for administration of any of the aforesaid program or project.

SECTION 5. *Prohibited Acts*. Any public officer accountable for the Barangay Equalization Fund who shall take or misappropriate, or shall consent or permit, through abandonment or negligence, any other person to take such public funds or property, wholly or partially, shall be liable for misappropriation or malversation of such funds or property, and shall suffer the penalties prescribed in Article 217 of the Revised Penal Code.

SECTION 6. *Implementing Rules and Regulations*. Within ninety (90) days from the effectivity of this Act, the Department of Budget and Management, Department of Finance, and the Department of the Interior and Local Government, shall promulgate the implementing rules and regulations of this Act.

SECTION 7. *Appropriations*. The amount necessary for the initial implementation of this Act shall be included in the annual General Appropriations Act.

SECTION 8. *Separability Clause*. If any provision or part of this Act is declared invalid or unconstitutional, the remaining parts or provisions not affected thereby shall continue to be in full force and effect.

SECTION 9. *Repealing Clause*. All laws, executive orders, and administrative orders, or parts thereof, inconsistent with any provision of this Act are hereby repealed or amended accordingly.

SECTION 10. *Effectivity Clause*. This Act shall take effect fifteen (15) days after its publication in the online version of the Official Gazette or in two (2) newspapers of general circulation.

Approved,