

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. **1623**



Introduced by Representative KAREN HOPE F. GARCIA

EXPLANATORY NOTE

Taxation without representation, it is said, is tyranny. But no less inequitable is representation without taxation.

Under the Local Government Code of 1991, however, this situation obtains in the case of component cities of provinces, which, while retaining the right to vote for elective provincial positions, are not required to share in the burden of government by way of taxation. Under the Section 271 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, component cities – unlike municipalities – are not required to share the proceeds of real property taxes with the province.

This is onerous for a number of reasons. First, a local government unit's being, or conversion into, a component city does not relieve the province of its obligation to maintain provincial infrastructure such as roads and bridges within that component city, and its mandatory assistance to its barangays.

Second, a province is, under Section 16 of the same Code, mandated to protect and uphold the general welfare of all its inhabitants, including those residing in component cities, which do not, under present laws, share in the burden of government.

Third, it is onerous to municipalities, which, more often than not, are smaller and less financially capable than component cities, and are ironically mandated to exclusively share the burden of government within the province.

Clearly, Section 271 of the Local Government Code should be amended to correct this onerous situation, by making component cities share, as they must, the proceeds of real property taxes with the province.

Thus, early passage of this bill is earnestly sought.

Rep. KAREN HOPE F. GARCIA
3rd District, Province of Cebu

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AN ACT
GRANTING PROVINCES A SHARE IN THE PROCEEDS OF REAL PROPERTY TAXES IMPOSED BY COMPONENT CITIES, AMENDING SECTION 271 OF REPUBLIC ACT NUMBER 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:

Section 1. Section 271 of the Local Government Code is hereby amended to read as follows:

Sec. 271. Distribution of Proceeds. The proceeds of basic real property tax, including interest thereon, and proceeds from the use, lease or disposition, sale or redemption of property acquired at a public auction in accordance with the provision of this Title by the province or city or a municipality within the Metropolitan Manila Area shall be distributed as follows:

(a) In the case of provinces:

- (1) Province – thirty-five (35%) shall accrue to the general fund;
- (2) Municipality – forty percent (40%) to the general fund of the municipality where the property is located; and
- (3) Barangay – twenty-five (25%) shall accrue to the barangay where the property is located.

[(b) In the case of cities:

- (1) City – seventy percent (70%) shall accrue to the general fund of the city; and
- (2) Barangay – thirty percent (30%) shall be distributed among the component barangays of the cities where the property is located in the following manner:
 - (i) Fifty percent (50%) shall accrue to the barangay where the property is located;
 - (ii) Fifty percent (50%) shall accrue equally to all component barangays of the city; and]

(b) IN THE CASE OF COMPONENT CITIES AND CITIES WHOSE INHABITANTS RETAIN THE RIGHT TO VOTE FOR ELECTIVE PROVINCIAL OFFICIALS:

- (1) PROVINCE – THIRTY PERCENT (30%) SHALL ACCRUE TO THE PROVINCE;

(2) CITY – FORTY PERCENT (40%) TO The GENERAL FUND OF THE CITY;
AND

(3) BARANGAY – THIRTY PERCENT (30%) SHALL BE DISTRIBUTED AMONG THE COMPONENT BARANGAY WHERE THE PROPERTY IS LOCATED IN THE FOLLOWING MANNER:

(i) FIFTY PERCENT (50%) SHALL ACCRUE TO THE BARANGAY WHERE THE PROPERTY IS LOCATED;

(ii) FIFTY PERCENT (50%) SHALL ACCRUE EQUALLY TO ALL COMPONENT BARANGAYS OF THE CITY;

[(c)] (d) In the case of a municipality within the Metropolitan Manila Area:

(1) Metropolitan Manila Authority – thirty-five percent (35%) shall accrue to the general fund of the authority;

(2) Municipality – thirty-five percent (35%) shall accrue to the general fund of the municipality where the property is located;

(3) Barangays – thirty percent (30%) shall be distributed among the component barangays of the municipality where the property is located in the following manner:

(i) Fifty percent (50%) shall accrue to the barangay where the property is located;

(ii) Fifty percent (50%) shall accrue equally to all component barangays of the municipality

(c) IN THE CASE OF HIGHLY-URBANIZED CITIES AND INDEPENDENT COMPONENT CITIES WHOSE INHABITANTS DO NOT RETAIN THE RIGHT TO VOTE FOR ELECTIVE PROVINCIAL OFFICIALS:

(1) CITY – SEVENTY PERCENT (70%) SHALL ACCRUE TO THE GENERAL FUND OF THE CITY;

(2) BARANGAY – THIRTY PERCENT (30%) SHALL BE DISTRIBUTED AMONG THE COMPONENT BARANGAY WHERE The PROPERTY IS LOCATED IN THE FOLLOWNG MANNER:

(i) FIFTY PERCENT (50%) SHALL ACCRUE TO THE BARANGAY WHERE THE PROPERTY IS LOCATED;

(ii) FIFTY PERCENT (50%) SHALL ACCRUE EQUALLY TO ALL COMPONENT BARANGAYS OF THE CITY;

[(d)] (e) The share of each barangay shall be released, without need of any further action, directly to the barangay treasurer on a quarterly basis within five (5) days after the end of each quarter and shall not be subject to any lien or holdback for whatever purpose.

Sec. 2. Repealing Clause. All other laws or parts thereof, decrees, executive orders, rules and regulations, issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec, 3. Separability Clause. If any provision of this Act is declared invalid, the remainder of this Act or any provision not affected thereby shall remain in full force and effect.

Sec. 4. Effectivity Clause. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,