

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City
TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 2099



Introduced by **REP. BERNADETTE "DETTE" G. ESCUDERO**

AN ACT
PROHIBITING ANY FORM OF INTERFERENCE BY NATIONAL GOVERNMENT
AGENCIES WITH THE USE OF THE NATIONAL TAX ALLOTMENT AND
LOCALLY-GENERATED REVENUES OF LOCAL GOVERNMENT UNITS

EXPLANATORY NOTE

The State's policy on local autonomy is principally stated in Section 25, Article II of the 1987 Constitution, which declares: "[t]he State shall ensure the autonomy of local governments."

The continued imposition by National Government Agencies (NGAs) of numerous rules, regulations, and directives on Local Government Units (LGUs) has, in effect, undermined the autonomy expressly granted to them under the Constitution and the Local Government Code of 1991. This pervasive reliance on executive issuances has curtailed the capacity of LGUs to exercise genuine local self-governance, depriving them of the necessary latitude to formulate and implement policies and mechanisms responsive to the unique needs and circumstances of their respective constituencies.

This measure seeks to strengthen local autonomy by prohibiting NGAs from issuing rules or regulations that interfere with the use of the National Tax Allotment (NTA) and locally generated revenues by LGUs. Such issuances shall be deemed void and without legal effect. NGA officials or employees who violate this prohibition shall be subject to removal from office. By instituting these safeguards, the measure ensures that LGUs are afforded the necessary fiscal space to fulfill their mandates without undue interference from the national government.

In line with these intentions, the passage of this bill is respectfully sought.


HON. BERNADETTE "DETTE" G. ESCUDERO
Representative
1st District, Sorsogon

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

Section 1. Declaration of Policy. – It is hereby declared the policy of the State for the government to strengthen, and work for, full local autonomy guaranteed under Section 2, Article X of the Constitution as a means to ensure local fiscal governance and administration of Local Government Units (LGUs) without any interference from the National Government (NG), especially with funds constitutionally allocated to and solely generated by them. While the President may have general supervision over LGUs, such power must be used to enhance, not to frustrate, self-governance of every territorial and political subdivision of the State.

Sec. 2. Prohibition. – Notwithstanding any other provisions of law to the contrary, all agencies of the NG shall not issue or promulgate any rules or regulations in the form of memoranda, circulars, orders, resolutions, guidelines or any other issuances in the performance of their respective statutory functions and duties that shall interfere, in any form, with the use of the National Tax Allotment and locally generated revenues of LGUs.

Sec. 3. Definition of Terms. – For purposes of this Act:

- a) *National Government* refers to the entire machinery of the central government as distinguished from the different forms of local governments;
- b) *Interference in any form* refer to any rule or regulation in the form of memorandum, circular, order, resolution, guideline or any other issuance that impede, prevent, disturb or obstruct the activities or the conduct of the business or contractual relations of LGUs, or those that enter into the local concerns, duties or functions of LGUs;

- c) *Local Government Units or LGUs* refer to the territorial and political subdivisions of the Philippines established by or in accordance with Section 1, Article X of the Constitution;
- d) *National Tax Allotment* refer to the just share of LGUs in the national taxes as provided under Section 6, Article X of the Constitution;
- e) *Locally Generated Funds* refer to any and all funds solely realized, produced or gained by LGUs and that as provided for in Section 5, Article X of the Constitution.

Sec. 4. Effect. – Notwithstanding any other provisions of law to the contrary, any rule or regulation in the form of memoranda, circular, order, resolution, guideline, or any other issuance issued or promulgated by agencies of the National Government in violation of this Act shall be rendered void and without effect. Furthermore, any official or employee of the National Government found to be responsible for such issuance or promulgation by a court of competent jurisdiction under this Act shall be removed from office.

Sec. 5. Separability Clause. – If any part or provision of this Act shall be held unconstitutional or invalid, other provisions hereof which are not affected hereby shall continue to be in full force and effect.

Sec. 6. Repealing Clause. – All laws, presidential decrees, executive orders, rules, and regulations or parts thereof which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

Sec. 7. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or at least two (2) newspapers of general circulation.

Approved,