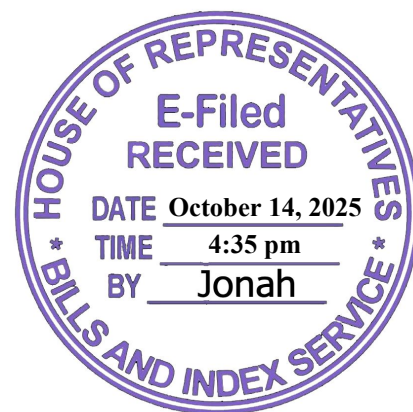


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 5571



Introduced by
Rep. Gil "Kabarangay Jr" A. Acosta and Rep. Jose C. Alvarez

AN ACT
ESTABLISHING A REVENUE-SHARING SCHEME FOR HOST PROVINCES IN REVENUES
GENERATED BY THE NATIONAL GOVERNMENT FROM OFFSHORE MINING AND
ENERGY OPERATIONS

EXPLANATORY NOTE

This bill seeks to establish a clear framework granting provinces that host offshore energy and mineral projects a fair share in the revenues derived by the national government from their utilization and development even when such projects extend beyond the 15-kilometer municipal waters of the host province.

The Philippines is endowed with abundant offshore energy and mineral resources. A significant portion of Luzon's power supply has long been supported by the Malampaya gas field, located beyond the 15-kilometer municipal waters of the nearest municipality in the Province of Palawan. To the east, the Benham Rise is believed to contain vast deposits of minerals and natural gas. The Sulu Sea, along with the waters off Mindoro and Bohol, also holds considerable potential, while the Reed Bank in the West Philippine Sea remains a critical site of national interest. These marine areas underscore the strategic importance of offshore resource development to the country's energy security, economic growth, and the advancement of both national and local development objectives.

Despite the country's growing offshore resource portfolio, existing laws remain silent on whether provinces should receive a share of revenues generated by the national government from offshore projects situated beyond their 15-kilometer municipal waters. The Palawan-Malampaya case laid bare the legal ambiguities and institutional gaps, resulting in prolonged litigation, delayed fund releases, and missed development opportunities for affected communities.

As offshore energy and mineral projects continue to expand nationwide, other provinces may face similar challenges in the absence of a clear statutory

framework governing revenue entitlements and intergovernmental fiscal equity.

This measure offers a fair and useful remedy. It establishes precise standards for identifying which province is eligible for a share, including operational linkage, environmental impact, and geographic proximity. In order to guarantee that a portion of these revenues are used directly to preserve marine ecosystems, increase climate resilience, and promote sustainable livelihoods in impacted areas, it also creates the Offshore Energy Local Benefits Fund.

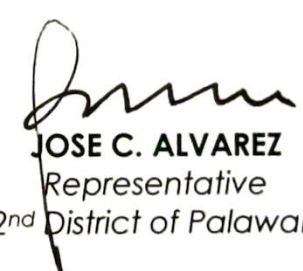
Revenue-sharing is not the only advantage or benefit envisioned under this measure. By granting provinces more authority, the proposed bill guarantees that communities closest to offshore projects are equipped with the resources needed to address environmental risks and pursue long-term development investments. By making the regulations clear, it improves collaboration between the national and local governments, an essential foundation for the responsible utilization of offshore resources, the protection of the country's energy future, and the reduction of dependence on imported fuels.

In addition to promoting fiscal equity for provinces and their political subdivisions, this bill ensures that the wealth of the nation's offshore resources directly contributes to the welfare of the communities most affected by such projects, while reinforcing the country's long-term energy security.

In view of the foregoing, the immediate approval of this bill is highly and earnestly recommended.



GIL "Kabarangay Jr" A. ACOSTA
Representative
3rd District of Palawan



JOSE C. ALVAREZ
Representative
2nd District of Palawan

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

1 Section 1. **Short Title.** — This Act shall be known as the “Offshore Resource
2 Revenue Sharing Act.”

3 Sec. 2. **Declaration of Policy.** — It is a declared policy of the State that
4 provinces, including its political subdivisions, have a just share in the proceeds
5 derived from the utilization and development of offshore energy and mineral
6 resources of the State consistent with the principle of local autonomy and
7 sustainable development. Toward this end, the State shall establish a scheme
8 that grants host provinces a just share in the revenues generated by the
9 national government in the utilization and development of offshore energy
10 and mineral resources situated beyond the 15-kilometer municipal waters of
11 their coastal municipalities or barangays.

12 Sec. 3. **Share of Host Provinces from Offshore Mining and Energy**
13 **Development.** — Any province hosting an offshore mining and energy
14 development shall have a share equivalent to forty percent (40%) of the
15 national government share derived from those offshore mining and energy
16 operations hosted by the province as determined in accordance with Section
17 4 of this Act.

18 As used in this Act, “*offshore mining and energy operations*” refers to the
19 exploration, development, extraction, and utilization of mineral, petroleum,
20 natural gas, renewable energy, and other natural resources located in marine
21 areas within the Philippine exclusive economic zone or continental shelf.

22 Sec. 4. **Determination of the Host Province.** — The host province shall be
23 determined by the Department of Energy (DOE), in consultation with the
24 Department of Environment and Natural Resources, National Mapping and
25 Resource Information Authority, and the Department of the Interior and Local
26 Government giving due weight and emphasis to the following criteria:

1 (a) Geographic Proximity. – The barangay, city or municipality of the
2 province whose coastline is closest, as measured from the baseline point or
3 straight baseline used in maritime boundary delimitation, to the offshore
4 project site; and

5 (b) Operational Linkage. – The barangay, city or municipality of the
6 province hosting the onshore service port, supply base, or principal staging
7 facilities directly supporting the offshore project.

8 In cases where two or more provinces satisfy the foregoing criteria, the
9 DOE shall determine the allocation of the share through equitable
10 apportionment, subject to the implementing rules and regulations of this Act.

11 Sec. 5. **Allocation of Shares.** — The share of a host province shall be
12 distributed as follows:

13 (a) Province – Thirty percent (30%);

14 (b) City or Municipality, including any highly urbanized city within the
15 province – Forty-five percent (40%); and

16 (c) Barangay – Twenty-five percent (30%).

17 The host province shall ensure that the corresponding allocations to
18 each city, municipality and barangay shall be given within five (5) days from
19 receipt thereof.

20 Sec. 6. **Remittance of Shares.** — The Bureau of the Treasury (BOT) shall
21 determine the revenue attributable to the operation of offshore mining and
22 energy operations for the calendar year and the corresponding share of each
23 host province. Thereafter, the BOT shall automatically release the respective
24 shares within five (5) days from such determination without need of any further
25 action by the concerned province.

26 Sec. 7. **Offshore Energy Local Benefits Fund.** — An Offshore Energy Local
27 Benefits Fund is hereby established. One percent (1%) of the gross revenues
28 derived by the national government from offshore mining and energy
29 operations shall accrue to the Fund.

30 The Fund shall be allocated exclusively for the following purposes:

31 (a) Coastal and marine environmental protection, rehabilitation, and
32 climate resilience projects;

33 (b) Renewable energy and sustainable livelihood programs for
34 affected communities; and

35 (c) Capacity-building initiatives for local government units in natural
36 resource management.

37 The Fund shall be administered by the DOE, with financial oversight
38 provided by the Department of Finance. The DOE shall receive, evaluate, and
39 approve projects, programs, and capacity-building initiatives for the utilization
40 of the Fund.

1 Sec. 8. **Implementing Rules and Regulations.** — Within ninety (90) days
2 from the effectivity of this Act, the Secretaries of Energy and Finance shall, in
3 consultation with the Secretary of the Interior and Local Government,
4 Secretary of Environment and Natural Resources, Administrator of the National
5 Mapping and Resource Information Authority and representatives from the
6 league of provinces, cities, and municipalities, issue the necessary rules and
7 regulations for the effective implementation of this Act.

8 Sec. 9. **Separability Clause.** — If any provision of this Act is declared
9 unconstitutional or invalid, the other provisions not affected thereby shall
10 remain in full force and effect.

11 Sec. 10. **Repealing Clause.** — All laws, decrees, orders, issuances, rules
12 and regulations, or parts thereof, which are inconsistent with this Act, are
13 hereby repealed or modified accordingly.

14 Sec. 11. **Effectivity Clause.** — This Act shall take effect fifteen (15) days
15 after its publication in the Official Gazette or a newspaper of general
16 circulation.

17 Approved,