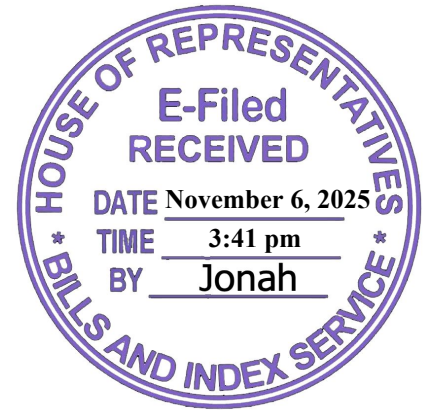




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 5777



Introduced by Representatives Ferdinand Martin G. Romualdez, Yedda Marie K. Romualdez, Andrew Julian K. Romualdez and Jude A. Acidre

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

EXPLANATORY NOTE

The barangay is the smallest political subdivision in the Philippines. According to Republic Act No. 7160, known as the “Local Government Code of 1991,” the barangay functions as the main unit for planning and executing government policies, plans, programs, projects, and activities within the community. It also serves as a venue where the collective opinions of residents can be voiced, formed, and taken into account, as well as a place for amicable resolution of disputes. Barangays have the authority to generate their own revenue by imposing taxes, fees, and charges within their territorial boundaries. Additionally, they receive a portion of the Internal Revenue Allotment (IRA) from the city or municipality to which they belong. Despite this, many barangays still struggle with inadequate funding to meet the needs of their communities.

To address this, the proposed bill aims to create a Barangay Equalization Fund for each barangay, supplementing the IRA they currently receive from the national government. This fund will be dedicated to infrastructure projects, livelihood initiatives, social services, and nutrition programs within the barangay. Enacting this bill is expected to improve the socio-economic conditions of residents, particularly in remote barangays, and promote local economic growth.

The bill was originally filed by Representative Ron P. Salo during the 18th Congress and referred to the Committee on Local Government. A similar version has been filed in the 19th Congress and was pending with the same committee.

In view of the foregoing, approval of this bill is earnestly requested.



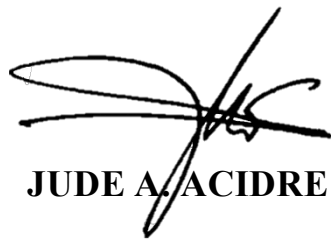
FERDINAND MARTIN G. ROMUALDEZ



YEDDA MARIE K. ROMUALDEZ



ANDREW JULIAN K. ROMUALDEZ



JUDE A. ACIDRE



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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.* 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."

SEC. 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).

SEC. 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.

SEC. 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.

SEC. 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.

SEC. 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.

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

SEC. 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.

SEC. 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.

SEC. 10. *Effectivity Clause.* This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,