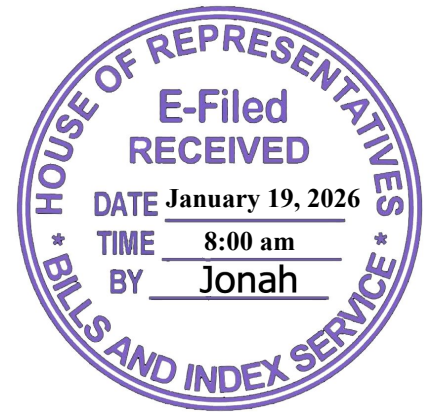




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session



House Bill No. 7138

Introduced by CIBAC Party-List Representative
EDUARDO "BRO. EDDIE" C. VILLANUEVA

EXPLANATORY NOTE

Republic Act No. 7160 or the Local Government Code of 1991 (LGC) seeks to empower Local Government Units (LGUs) by giving them the authority to effectively formulate and implement their respective projects and programs. In doing this, the 1991 LGC mandates that LGUs be given a just share in the national internal revenue taxes. In addition, said law authorizes them to create their own sources of local revenues such as taxing real properties, business permits, etc.

The share of LGUs in national taxes is realized through the automatic appropriation and release to every LGU of the National Tax Allotment (NTA), formerly called Internal Revenue Allotment (IRA). NTA serves as the dominant source of revenues of LGUs to fund their respective programs consistent with the national objective of effectively carrying out devolved functions.

However, many LGUs continue to suffer from limited fiscal resources, and thus, fail to adequately provide services and programs to their constituents. To date, a vast majority of LGUs in the country relies on direct provision of NTA from the national government to fund their needed programs and projects for local development.

To address the issue of scarce resources experienced by many LGUs, this bill seeks to provide additional funding to LGUs by amending Section 248 of the LGC to increase their share in the national taxes from current forty percent (40%) to fifty percent (50%). Likewise, it broadens the source pool of the NTA from merely internal revenue taxes to include all national taxes.

In view of the foregoing, the immediate passage of this bill is earnestly sought.


EDUARDO "BRO. EDDIE" C. VILLANUEVA



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HOUSE BILL NO. 7138

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AN ACT
PROMOTING LOCAL GOVERNMENT EMPOWERMENT IN ORDER TO ACHIEVE
INCLUSIVE DEVELOPMENT, AMENDING FOR THE PURPOSE SECTION 284 OF
REPUBLIC ACT NO. 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:

1 **SECTION 1.** Section 284 of Republic Act No. 7160, otherwise known as the
2 "Local Government Code of 1991" is hereby amended to read as follows:
3

4 "SEC. 284. Allotment of [~~Internal Revenue~~] Taxes. - Local government
5 units shall have a share **OF FIFTY PERCENT (50%)** in the national [~~internal~~
6 ~~revenue~~] taxes based on the collection of the third fiscal year. [~~preceding the~~
7 ~~current fiscal year as follows:~~

- 8 a) ~~On the first year of the effectivity of this Code, thirty percent (30%);~~
9 b) ~~On the second year, thirty-five percent (35%); and~~
10 c) ~~On the third year and thereafter, forty percent (40%).]~~
11

12 **SEC. 2. Implementing Rules and Regulations.** - Within sixty (60) days from
13 the effectivity of this Act, the Secretary of Finance and the Secretary of Budget and
14 Management, in consultation with Department of Interior and Local Government
15 (DILG), the Leagues of Provinces, Cities and Municipalities, Liga ng mga Barangay
16 and other relevant stakeholders, shall promulgate the necessary rules and
17 regulations for the effective implementation of this Act.
18

19 **SEC. 3. Separability Clause.** – If any portion or provision of this Act is
20 declared unconstitutional, the remainder hereof or any provisions not affected
21 thereby shall remain in force and effect.
22

23 **SEC. 4. Repealing Clause.** – Any law, presidential decree or issuance,
24 executive order, letter of instruction, rule, or regulation inconsistent with the
25 provisions of this Act is hereby repealed or modified accordingly.

1 **SEC. 5. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
2 complete publication in the Official Gazette or in a newspaper of general circulation.
3

4 *Approved,*