

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

20th Congress
First Regular Session

House Bill No. **8728**



Introduced by Rep. Maria Vanessa C. Aumentado

EXPLANATORY NOTE

Republic Act No. 7942, or the Philippine Mining Act of 1995, and Republic Act No. 7160, or the Local Government Code of 1991, provide the general framework for the management, utilization, and revenue sharing of mineral resources, including quarrying operations. However, despite the contribution of quarrying activities to local economies, the current revenue-sharing arrangement has not adequately compensated host provincial governments for the social, environmental, and infrastructure costs borne by their communities.

Large-scale quarrying operations, involving extensive land use and heavy mechanical equipment, generate significant economic value through the extraction of sand, gravel, limestone, and other non-metallic minerals. Yet, the localities directly impacted particularly the provinces often receive only a small portion of the total income derived from these activities. This inequity undermines local autonomy and limits the capacity of provincial governments to fund essential development and rehabilitation programs.

This proposed measure seeks to enhance the share of Provincial Government Units (PGUs) from revenues generated by large-scale quarrying operations by amending the relevant provisions of the Philippine Mining Act of 1995 and the Local Government Code of 1991. Specifically, it increases the provincial share to fifty percent (50%) of all local taxes, fees, and royalties derived from large-scale quarrying activities. The remaining fifty percent (50%) shall be distributed among the host city or municipality, the barangay where the extraction occurs, and the national government.

The measure further provides clear guidelines for the definition of large-scale quarrying operations, ensuring that only substantial commercial activities fall within its scope. It also mandates that the provincial share be utilized for infrastructure development, environmental protection and rehabilitation, and socio-economic programs benefiting affected communities.

Through this amendment, the bill strengthens fiscal decentralization, promotes equitable sharing of natural resource wealth, and empowers provinces to manage environmental and social impacts responsibly. It aligns with the constitutional mandate of ensuring a more balanced and sustainable development by giving local governments a fair share in the resources found within their jurisdictions.

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



MARIA VANESSA C. AUMENTADO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

20th Congress
First Regular Session

House Bill No. **8728**

Introduced by Rep. Maria Vanessa C. Aumentado

AN ACT
AMENDING REPUBLIC ACT NO. 7942, OTHERWISE KNOWN AS THE PHILIPPINE
MINING ACT OF 1995, AND OTHER PERTINENT LAWS, TO ENHANCE THE
SHARE OF PROVINCIAL GOVERNMENT UNITS IN THE INCOME DERIVED
FROM LARGE-SCALE QUARRYING OPERATIONS

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

SECTION 1. DECLARATION OF POLICY. - It is the declared policy of the State to ensure that **Local Government Units (LGUs)**, particularly the provinces where quarrying resources are extracted, receive an equitable and significantly larger share of the revenues and benefits derived from the exploitation and utilization of these non-metallic mineral resources. This is to support the socio-economic development, environmental protection, and infrastructure needs of the host province, in line with the principle of local autonomy and sustainable development.

SEC. 2. AMENDMENT TO THE REVENUE SHARING SCHEME. - Section 29 of Republic Act No. 7160, otherwise known as the **Local Government Code of 1991 (LGC)**, as amended, and Section 7 of **Republic Act No. 7942 (Philippine Mining Act of 1995)**, concerning the sharing of taxes, fees, and royalties from quarrying, sand, and gravel, and other non-metallic operations, are hereby amended to establish the following revenue distribution for income derived from **Large-Scale Quarrying Operations** (defined in Section 3):

The **Provincial Government** shall receive **Fifty Percent (50%)** of the income derived from all local taxes, fees, and royalties on large-scale quarrying operations.

The remaining **Fifty Percent (50%)** shall be distributed as follows:

1. **Component City or Municipality** where the resource is actually extracted: **Thirty Percent (30%)**
2. **Barangay** where the resource is actually extracted: **Fifteen Percent (15%)**
3. **National Government** (for administrative costs and regulatory oversight): **Five Percent (5%)**

The National Government's share of other National Taxes and Fees (e.g., Excise Tax, Income Tax) remains subject to existing national revenue-sharing laws.

SEC. 3. DEFINITION OF TERMS: - Large-Scale Quarrying Operations" shall refer to any quarrying operation that meets any of the following criteria:

- a. An authorized contract area exceeding **Five (5) hectares**.
- b. An approved annual production capacity exceeding **Fifty Thousand (50,000) cubic meters** of raw materials.
- c. Quarrying operations that utilize heavy or specialized mechanical equipment, such as large crushers, high-capacity loaders, and long-haul transport systems, indicating substantial commercial scale and impact.

The Department of Environment and Natural Resources (DENR) shall issue the necessary guidelines to properly delineate and monitor such operations.

SEC. 4. UTILIZATION OF PROVINCIAL SHARE.- The Provincial Government's fifty percent (50%) share shall be primarily allocated for the following priority programs, subject to the pertinent provisions of the LGC and other budgeting rules:

1. **Infrastructure Development:** Construction and maintenance of provincial and feeder roads, bridges, and other public works connecting resource extraction sites.
2. **Environmental Protection and Rehabilitation:** Programs for reforestation, riverbank stabilization, water quality monitoring, and site rehabilitation within the quarrying areas and affected communities.
3. **Socio-Economic Development:** Health, education, and livelihood projects for the host and impact communities.

SEC. 5. REPORTORIAL REQUIREMENT.- The Provincial Treasurer, in coordination with the Provincial Environment and Natural Resources Office (PENRO) and the appropriate regulatory agencies, shall submit a quarterly report to the **Department of Finance (DOF)**, the **Department of Budget and Management (DBM)**, and the **Sangguniang Panlalawigan** (Provincial Board) detailing the total revenue collected from large-scale quarrying operations, its distribution, and the projects funded by the provincial share.

SEC. 6. REPEALING CLAUSE.- All laws, decrees, orders, rules and regulations, and other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 7. SEPARABILITY CLAUSE.- If any provision of this Act is declared unconstitutional or invalid, the other provisions not affected thereby shall remain in full force and effect.

SEC. 8. EFFECTIVITY.- This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in two (2) newspapers of general circulation.

Approved,