

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

TWENTIETH CONGRESS
First Regular Session

HOUSE BILL NO. 8854



Introduced by **REP. JAVIER MIGUEL L. BENITEZ**

EXPLANATORY NOTE

Republic Act (“R.A.”) No. 7160, otherwise known as the Local Government Code (1991)¹, as amended by R.A. 8553 (1998)², was enacted to give full meaning to the constitutional policy of local autonomy enshrined in Article X, Section 2 of the Constitution (1987), which mandates that “the territorial and political subdivisions shall enjoy local autonomy.”³ This autonomy is the cornerstone of a decentralized system of governance intended to make local government units (“LGUs”) self-reliant, participatory, and accountable in promoting the general welfare of their constituents.

Over the years, however, the implementation of the Local Government Code has revealed lingering tensions between national oversight and local independence. These constraints often manifest in the form of excessive review, pre-approval, or substitution of judgment by national offices over local administrative determinations, particularly in organizational structuring, staffing, budgeting, and fiscal management.

The Supreme Court, in *Mandanas v. Ochoa* (2018) reaffirmed that genuine decentralization demands both fiscal and administrative empowerment of LGUs. Fiscal autonomy, in particular, must be accompanied by the concomitant capacity of local governments to independently determine and implement their programs and structures in accordance with their unique service requirements⁴. Thus, decentralization cannot be meaningful unless LGUs are given real authority, discretion, and responsibility to manage their affairs free from undue interference by national agencies.

This bill seeks to further strengthen the autonomy of LGUs through a more rationalized system of decentralization by amending specific provisions of Republic Act No. 7160. It

¹ Republic Act No. 7160, Local Government Code (1991).

² Republic Act No. 8553, Amended Local Government Code (1998).

³ The Philippine Constitution (1987).

⁴ *Mandanas, H. I., et al. v. Ochoa, Jr., et al.* (2018, July 3), G.R. Nos. 199802 & 208488. Retrieved from: <https://elibrary.judiciary.gov.ph/thebookshelf/showdocs/1/64325> on Oct. 31, 2025

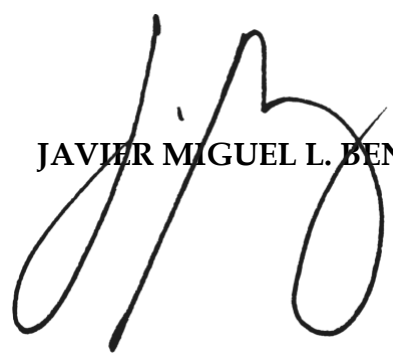
clarifies that the powers, functions, and responsibilities granted to LGUs shall be exercised independently and without undue restriction or substitution of judgment by the national government.

By explicitly limiting the power of national agencies to restrain or substitute the judgment of LGUs, this measure reinforces the constitutional guarantee of local autonomy and operationalizes the principle of subsidiarity, that matters ought to be handled by the smallest, lowest, or least centralized competent authority.

Further, this bill aligns with the State's policy under Section 2(c) of the Local Government Code itself, which declares that it shall be the continuing policy of the State to ensure the accountability of local governments while providing them with genuine and meaningful self-governance. It also complements the objectives of the Supreme Court's Mandanas-Garcia ruling and the Executive's subsequent full devolution initiatives under Executive Order No. 138 (s. 2021)⁵, which seek to strengthen local capacities to deliver devolved services effectively.

Ultimately, this proposed measure reaffirms the principle that autonomy is not mere delegation but recognition of inherent local competence. It seeks to liberate local governance from bureaucratic impediments that frustrate efficiency and innovation, thereby enabling LGUs to respond more effectively to the needs and aspirations of their constituents.

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



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⁵ Executive Order No. 138 (2021). Retrieved from:
[https://lawphil.net/executive/execord/ea_138_2021.html](https://lawphil.net/executive/execord/eo2021/ea_138_2021.html) on Oct. 31, 2025

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**AN ACT TO FURTHER STRENGTHEN LOCAL AUTONOMY THROUGH A MORE
RATIONALIZED SYSTEM OF DECENTRALIZATION AMENDING FOR THE
PURPOSE REPUBLIC ACT NUMBER 7160, AS AMENDED, OTHERWISE
KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991**

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

SECTION 1. *Declaration of State Policies and Principles.* – It is hereby declared a policy of the State to ensure local autonomy of its territorial and political subdivisions consistent with decentralization inherent in local autonomy thereby ensuring local administrative determination without undue restrictions.

SEC. 2. *Interpretation.* – The provisions of this Act shall be interpreted in favor of local autonomy and to ensure the independent administrative determination of local government units free from any control or regulation of national agencies such that the national government is not given the power to restrain or substitute the judgement of local government units with its own.

SEC. 3. - Section 3 of Republic Act No. 7160 is hereby amended to read as follows:

“Sec. 3. Operative Principles of Decentralization. – The formulation and implementation of policies and measures on local autonomy shall be guided by the following operative principles: “

- (a) There shall be an effective allocation among the different local government units of their respective powers, functions, responsibilities, and resources
INDEPENDENT OF ANY RESTRICTIONS FROM NATIONAL AGENCIES; “

- (b) There shall be established in every local government unit an **INDEPENDENT**, accountable, efficient, and dynamic 1 organizational structure and operating mechanism that will meet the priority needs and service requirements of its communities; “
- (c) Subject to civil service law, rules and regulations **AS GUIDELINES AND WITHOUT RESTRICTING ADMINISTRATIVE DETERMINATION**, local officials and employees paid wholly or mainly from local funds shall be appointed or removed, according to merit and fitness, by the appropriate appointing authority; “
- (d) The vesting of duty, responsibility, and accountability in local government units shall be accompanied with provision for reasonably adequate resources to **INDEPENDENTLY AND EFFECTIVELY** discharge their powers and ~~[effectively]~~ carry out their functions: hence, they shall have the power to create and broaden their own sources of revenue and the right to a just share in national taxes and an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas;
- (e) “x x x; “
- (f) “x x x; “
- (g) The capabilities of local government units, especially the municipalities and barangays, shall be enhanced by providing them with opportunities to participate actively in the implementation of national programs and projects **AND THE MEANS AND CAPABILITIES TO INDEPENDENTLY CARRY ON THEIR RESPECTIVE PROGRAMS AND PROJECTS;**

“x x x.”

SEC. 4. - Section 76 of Republic Act No. 7160 is hereby amended to read as follows:

“

Sec. 76. Organizational Structure and Staffing Pattern. – Every local government unit shall **INDEPENDENTLY** design and implement its own organizational structure and staffing pattern taking into consideration its service requirements and financial capability, subject to the minimum standards and guidelines prescribed **FOR THE PURPOSE** by the Civil Service Commission **WITHOUT RESTRICTING THE ADMINISTRATIVE DETERMINATION OF LOCAL GOVERNMENT UNITS.**”

SEC. 5. - Section 288 of Republic Act No. 7160 is hereby amended to read as follows: “

Sec. 288. Rules and Regulations. – The Secretary of Finance, in consultation with the Secretary of Budget and Management **AND THE LOCAL GOVERNMENT UNITS THROUGH THEIR RESPECTIVE LEAGUES**, shall promulgate the necessary rules and regulations for a simplified disbursement scheme designed for the speedy and effective enforcement of the provisions of this Chapter **WITHOUT 2 RESTRICTING THE ADMINISTRATIVE DETERMINATION OF LOCAL GOVERNMENT UNITS.**”

SEC. 6. - Section 325 of Republic Act No. 7160 is hereby amended to read as follows: “

Sec. 325. General Limitations. – The use of the provincial, city, and municipal funds shall be subject to the following limitations: “(a) x x x; “x x x; “(d) In cases of abolition of positions and the creation of new ones resulting from the abolition of existing positions in the career service, such abolition or creation shall be made in accordance with pertinent provisions of this code and the civil service law, rules and regulations **AS GUIDELINES WITHOUT RESTRICTING THE ADMINISTRATIVE DETERMINATION OF LOCAL GOVERNMENT UNITS;** “x x x.

SEC. 7. - Section 326 of Republic Act No. 7160 is hereby amended to read as follows: “

Sec. 326. ~~[Review of]~~ Appropriation Ordinances of Provinces, Highly-Urbanized Cities, Independent Component Cities, and Municipalities within the Metropolitan Manila Area. – ~~[The Department of Budget and Management shall review]~~ Ordinances authorizing the annual or supplemental appropriations of provinces, highly-urbanized cities, independent component cities, and municipalities within the Metropolitan Manila Area **SHALL BE IN ACCORDANCE WITH THE GUIDELINES SET IN THE BUDGET OPERATIONS MANUAL AS PROVIDED FOR IN SECTION 354 OF THIS CODE WITHOUT NEED OF ANY REVIEW** ~~[in accordance with the immediately succeeding Section].~~”

SEC. 8. - Section 354 of Republic Act No. 7160 is hereby amended to read as follows: “

Sec. 354. Administrative Issuances; Budget Operations Manual. – The Secretary of Budget and Management **AND THE LOCAL GOVERNMENT UNITS THROUGH THEIR RESPECTIVE LEAGUES** jointly with the Chairman of the Commission on Audit shall, ~~[within one (1) year from the effectivity of this Code]~~ **IF SO REQUESTED BY LOCAL GOVERNMENT UNITS THROUGH THEIR RESPECTIVE LEAGUES**, promulgate a Budget Operations Manual for local government units to improve and systematize methods, techniques, and procedures employed in budget preparation, authorization, execution, and accountability **WITHOUT RESTRICTING THE 3 ADMINISTRATIVE DETERMINATION OF LOCAL GOVERNMENT UNITS.**”

SEC. 9. - Section 383 of Republic Act No. 7160 is hereby amended to read as follows: “

Sec. 383. Implementing Rules and Regulations. - The Chairman of the Commission on Audit **AND THE LOCAL GOVERNMENT UNITS THROUGH THEIR RESPECTIVE LEAGUES** shall promulgate the rules and regulations necessary to effectively implement the provisions of this Tide, including requirements as to testing, inspection, and standardization of supply and property **WITHOUT RESTRICTING THE ADMINISTRATIVE DETERMINATION OF LOCAL GOVERNMENT UNITS.**”

SEC. 10. Separability Clause. – If any provision of this Act or the application of such provision to any person or circumstance is declared invalid, the remainder of the Act or the application of such provision to other persons or circumstances shall not be affected thereby.

SEC. 11. Repealing Clause. – All laws, decrees, administrative issuances, rules and regulations, and orders or parts thereof inconsistent with this Act are deemed repealed or modified accordingly.

SEC. 12. Effectivity. – This Act shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette or in two (2) national newspapers of general circulation, whichever comes first.

Adopted,