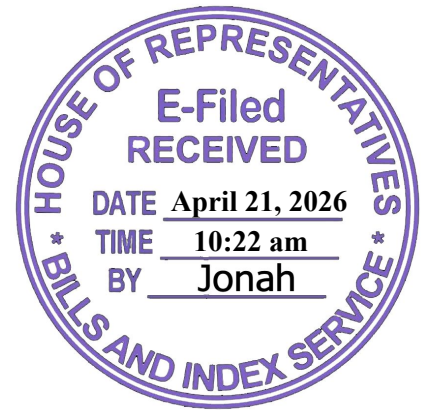




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 8909



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

AN ACT
WITHDRAWING THE NATIONAL TAX ALLOTMENT OF THE
METROPOLITAN MANILA DEVELOPMENT AUTHORITY (MMDA),
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7924,
ENTITLED "AN ACT CREATING THE METROPOLITAN MANILA
DEVELOPMENT AUTHORITY, DEFINING ITS POWERS AND
FUNCTIONS, PROVIDING FUNDS THEREFORE AND FOR OTHER
PURPOSES"

EXPLANATORY NOTE

Section 6, Article X of the 1987 Constitution provides that local government units (LGUs) shall have a just share in national taxes, which shall be automatically released to them. This fiscal arrangement is intended to strengthen local autonomy and ensure that provinces, cities, municipalities, and barangays possess the necessary financial resources to discharge their devolved responsibilities. Under Section 285 of Republic Act No. 7160, the allocation of the Internal Revenue Allotment (IRA), now referred to as the National Tax Allotment (NTA), is expressly reserved for local government units.

The Metropolitan Manila Development Authority (MMDA) is a government agency tasked with providing metro-wide services in Metropolitan Manila, established to coordinate, monitor, and regulate services that transcend

local boundaries. These services include: transport and traffic management; solid waste disposal and management; flood control and sewerage management; urban renewal, zoning, and land use planning; health sanitation; and public safety.

The MMDA's receipt of a national tax share is a historical and legislative anomaly rooted in Section 10(b) of Republic Act No. 7924, which mandated that the Authority continue receiving the allotment previously granted to its predecessor, the Metro Manila Authority (MMA), under Executive Order No. 392. However, the MMDA is not a local government unit. In the landmark case of *MMDA v. Bel-Air Village Association, Inc.*, the Supreme Court categorically ruled that the MMDA is neither a political subdivision nor a public corporation endowed with legislative power, but merely a development authority created to coordinate and administer metropolitan-wide services.

With the full implementation of the Mandanas-Garcia Ruling and the transition to the National Tax Allotment (NTA), the pool of funds intended for LGUs has expanded to include all national taxes. Allowing a non-LGU entity like the MMDA to continue drawing from this specific pot further dilutes the "just share" of legitimate LGUs, particularly those in lower-income classes outside of the National Capital Region who are struggling to fund their newly devolved functions.

Despite this, the MMDA continues to receive allocations derived from national taxes, which are constitutionally intended for local government units. Such practice runs contrary to the constitutional framework governing fiscal decentralization and undermines the principle that national tax shares should accrue solely to LGUs.

Thus, this bill seeks to amend Republic Act No. 7924 to withdraw the Internal Revenue Allotment of the MMDA and align the funding structure of the Authority with the constitutional framework on local government fiscal autonomy.

This measure has been filed repeatedly since the 16th Congress.

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



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. – Section 10 of Republic Act No. 7924 is hereby amended to read as follows:

“Sec. 10 Sources of Funds and the Operating Budget of
MMDA -

(a) To carry out the purposes of this Act, the amount of One billion pesos (Php 1,000,000,000) is hereby authorized to be appropriated for the initial operation of the MMDA. Thereafter, the annual expenditures including capital outlays of the MMDA shall be provided in the general Appropriations Act.

~~[(b) The MMDA shall continue to receive the Internal Revenue Allotment (IRA) currently allocated to the present MMA.]~~

~~[(c)]~~ (b) The MMDA is likewise empowered to levy fines and impose fees and charges for various services rendered.

~~[(d)]~~ (c) Five percent (5%) of the total annual gross revenue of the preceding year, net of the internal revenue allotment, of each local government unit mentioned in Section 2 hereof, shall accrue and become payable monthly to the MMDA by each city or municipality. In case of failure to remit the said fixed contribution, the DBM shall cause the disbursement of the same to MMDA chargeable against the IRA allotment of the city or municipality concerned, the provisions of Section 286 of RA 7160 to the contrary notwithstanding.”

Section 2. *Repealing Clause.* – All other laws, decrees, executive orders, rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby modified, amended, or repealed accordingly.

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

Approved,