

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session

House Bill No. 9227



Introduced by Representative Timothy Joseph Cayton

EXPLANATORY NOTE

The 1987 Constitution mandates that the State assign the highest budgetary priority to education and ensure that education and other ancillary services adequately respond to the needs of the people and society.¹ The fulfillment of this constitutional mandate requires sustained and adequate financing for basic education, sourced not only from the national government but also from local government units acting as partners in the delivery of educational services.

The Special Education Fund (SEF) is one of the principal mechanisms through which local government units share in the financing of basic education.² Under the existing provision, provinces, cities, and municipalities within the Metropolitan Manila Area may levy and collect an annual tax of one percent (1%) of the assessed value of real property, in addition to the basic real property tax, the proceeds of which accrue exclusively to the SEF. These proceeds support the construction and repair of school buildings, the procurement of textbooks, instructional materials, and equipment, the engagement of locally-funded teaching and non-teaching personnel, sports development, educational research, and other operation and maintenance requirements of public schools.

The rate of the SEF levy has remained unchanged since 1991. In the more than three decades since, the school-age population has grown substantially, construction and procurement costs have risen sharply, and the demands placed on public schools have expanded well beyond what was contemplated when the present rate was first fixed. Local school boards across the country continue to identify persistent and unmet needs in classroom construction and rehabilitation, water and sanitation facilities, early childhood care and development interventions, instructional materials,

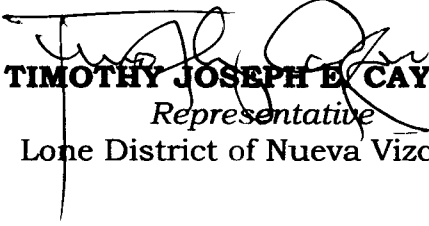
¹ Article XIV, Sections 1 and 5(5) of the 1987 Constitution.

² Republic Act No. 5447 on 25 September 1968 *and was subsequently embedded in* Section 235 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991.

learning recovery programs, the titling of school sites, and support for SEF-funded teachers and instructional personnel.

The proposed increase from one percent (1%) to three percent (3%) is intended to provide local government units with the fiscal space needed to address long-deferred basic education requirements, to complement rather than substitute for national education funding, and to enable a more meaningful partnership between local government units and the Department of Education in the delivery of basic education services.

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


ATTY. TIMOTHY JOSEPH E. CAYTON, PhD.

Representative

Lone District of Nueva Vizcaya

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AN ACT INCREASING THE ADDITIONAL LEVY ON REAL PROPERTY FOR THE SPECIAL EDUCATION FUND FROM ONE PERCENT (1%) TO THREE PERCENT (3%) OF THE ASSESSED VALUE OF REAL PROPERTY, AMENDING FOR THE PURPOSE SECTION 235 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:

SECTION 1. Short Title. – This Act shall be known as the “*Strengthened Special Education Fund Act of 2026*.”

SEC. 2. Declaration of Policy. – It is hereby declared the policy of the State to give priority to education and to ensure that local government units, as partners of the national government in the delivery of basic education services, are provided with adequate, sustainable, and responsive fiscal resources to meet the evolving needs of public schools and learners within their respective territorial jurisdictions. Toward this end, the State shall strengthen the Special Education Fund as a dependable local revenue stream dedicated to the support of basic education.

SEC. 3. Amendment. – Section 235 of Republic Act No. 7160, otherwise known as the “Local Government Code of 1991,” is hereby amended to read as follows:

“Section 235. Additional Levy on Real Property for the Special Education Fund. – A province or city, or a municipality within the Metropolitan Manila Area, may levy and collect an annual tax of ~~{ONE PERCENT (1%)}~~ **THREE PERCENT (3%)** of the assessed value of real property which shall be in addition to the basic real property tax. The proceeds thereof shall exclusively accrue to the Special Education Fund (SEF).”

SEC. 4. *Transitional Provision.* – The increased rate provided under this Act shall apply to the assessment and collection of the additional levy beginning the calendar year immediately following the effectivity of this Act. Real property tax assessments and notices issued prior to the effectivity of this Act shall continue to be governed by the rate then prevailing, without prejudice to subsequent adjustments consistent with this Act.

SEC. 5. *Implementing Rules and Regulations.* – The Department of Finance, through the Bureau of Local Government Finance, in coordination with the Department of the Interior and Local Government, the Department of Education, and the Department of Budget and Management, shall, within ninety (90) days from the effectivity of this Act, issue the necessary rules and regulations for its effective implementation. Existing joint circulars on the utilization of the Special Education Fund shall be reviewed and, where appropriate, revised to ensure consistency with this Act and to address impediments to the timely and effective utilization of the Fund.

SEC. 6. *Separability Clause.* – If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected thereby shall continue to be in full force and effect.

SEC. 7. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules, regulations, and other issuances or parts thereof inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

SEC. 8. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,