

FOURTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)

OFFICE

NO.

9 MAY 12 P2:20

SENATE
S.B. No. 3229

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Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Local Government Code of 1991 provides power for each local government unit to create its own sources of revenue and to levy taxes, fees, and charges subject to the provisions in the Code, consistent with the basic policy of local autonomy. These taxes, fees, and charges shall accrue exclusively to the local government units.

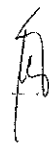
Despite the enactment of this Code, the revenues collected by the various units are not enough to fund their local projects. This bill seeks to increase the additional ad valorem tax on idle lands from a ceiling of more than 5% to 10% which could result in an increase in annual collection from 12.8 million pesos to 25.6 million pesos. There is also a need to provide an additional levy of 0.5% for the Special Education Fund (SEF) which could result in an increase from 2 billion pesos to 4 billion pesos.

Miriam Defensor Santiago
MIRIAM DEFENSOR SANTIAGO

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1 AN ACT
2 AMENDING TITLE II, BOOK II OF REPUBLIC ACT 7160, OTHERWISE KNOWN
3 AS THE LOCAL GOVERNMENT CODE OF 1991

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

6 SECTION 1. Section 235 of the Code is hereby amended to read as follows:

7 **SEC. 235 Additional Levy on Real Property for the Special Education Fund**
8 **(SEF).** A province or city, or a municipality within the Metropolitan Manila Area, may
9 levy and collect an annual tax of [one percent (1%)] ONE AND ONE HALF PERCENT
10 (1½%) on the assessed value of real property IN THEIR RESPECTIVE TERRITORIAL
11 JURISDICTION [which shall be] in addition to the basic real property tax PROVIDED
12 UNDER THIS CODE. The proceeds thereof shall exclusively accrue to the Special
13 Education Fund (SEF).

14 SECTION 2. Section 236 of the Code is hereby amended to read as follows:

15 **SEC. 236 Additional Ad Valorem Tax on Idle Lands.** A province or city, of a
16 municipality within the Metropolitan Manila Area, may levy an annual tax on idle lands
17 at the rate not exceeding [five] TEN percent [(5)] (10) of the assessed value of the
18 property which shall be in addition to the basic real property tax.

19 SECTION 3. Section 272 of the Code is hereby amended to read as follows:

20 **SEC. 272 Application of Proceeds of the [Additional One Percent] SEF Tax.**
21 The proceeds from the additional [one percent (1%)] ONE AND ONE HALF PERCENT
22 (1½%) tax on real property accruing to the Special Education Fund (SEF) OF THE
23 PROVINCE, CITY OR MUNICIPALITY WITHIN THE METROPOLITAN MANILA

1 AREA shall be automatically released to the local school boards; *Provided, however,*
2 That in the case of provinces, the proceeds shall be divided equally between the province
3 and the municipal school boards; *Provided, however,* That the proceeds shall be allocated
4 for the operation and maintenance of public schools, construction and repair OR
5 IMPROVEMENT of PUBLIC school buildings, AND/OR RELATED facilities and
6 equipment, educational research, purchase of books and periodicals, HONORARIUM
7 FOR TEACHERS CONDUCTING EXTENSION CLASSES and sports development as
8 determined and approved by the Local School Board.

9 SECTION 4. *Separability Clause.* – If any provision or part thereof is held invalid
10 or unconstitutional, the remainder of the law or the provision not otherwise affected shall
11 remain valid and subsisting.

12 SECTION 5. *Repealing Clause.* – All laws, presidential decree or issuance,
13 executive orders, letter of instruction, administrative order, rule and regulation contrary
14 to, or inconsistent with the provisions of this Act are hereby repealed, modified, or
15 amended accordingly.

16 SECTION 6. *Effectivity Clause.* – This Act shall take effect fifteen (15) days
17 following its publication in at least two (2) newspapers of general circulation.

18 Approved,