

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



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SENATE
S.B. No. 2464

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Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

AN ACT RATIONALIZING THE INCOME REQUIREMENTS FOR THE CREATION OF A MUNICIPALITY, THE DECLARATION OF HIGHLY URBANIZED STATUS IN THE CASE OF COMPONENT CITIES AND THE CREATION OF A PROVINCE, AMENDING FOR THE PURPOSE SECTION 442 (a), 452 (a), 453 AND 461 (a) AND (c) OF REPUBLIC ACT NO. 7160 AS AMENDED OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

EXPLANATORY NOTE

For the past few years, the Philippines has experienced phenomenal economic growth and renewed investor trust and confidence. To sustain this progress for the next decade, there is a need to ensure that the growth would be supported by effective and streamlined policy structures and mechanisms, even in the local and provincial levels of government.

One of these efforts is the amendment of the process and requirements to determine an urbanized city. It has been two decades since the local government code was enacted, and it is high time to revisit and rationalize these requirements.


Two decades paved the way to advancement in technology, infrastructure development and other urbanization interventions, and economic inflation. Thus, it is imminent to update the income requirements in the declaration of a city as a highly urbanized city and the conversion of a municipality into a component city.

The proposal seeks to increase the income requirements for a municipality to become a component city from two million and five hundred thousand pesos to twelve million and five hundred thousand pesos for the last two consecutive years; for a highly urbanized status, the proposal seeks to increase the income requirements from fifty million pesos to two hundred fifty million pesos.

Such adjustment raises the standards of excellence among local governments and encourages further innovation and creativity in urbanization and development projects and programs.

From being called Sick Man of Asia, the time when the Philippines will be described as a middle-income nation or even a developed nation is within reach. Thus, it is essential that everyone, even local governments need to prepare and chip in in the efforts of creating and enabling environment for growth and prosperity to be realized by every Filipino family.

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


Senator Paolo Benigno "Bam" A. Aquino IV

1 "Section 453. Duty to Declare Highly Urbanized Status. - It shall be the duty of [the
2 President] CONGRESS TO PASS A JOINT RESOLUTION to declare a city as highly
3 urbanized within thirty (30) days after it shall have met the minimum requirements
4 prescribed in the immediately preceding section, upon proper [application]
5 DETERMINATION therefor [and ratification]: PROVIDED, THAT THE DECLARATION SHALL
6 BE RATIFIED in a plebiscite by the qualified voters [therein.] OF THE PROVINCE IN WHICH
7 THE CITY GEOGRAPHICALLY BELONGS"

8 **SECTION 3.** Section 461 (a) and (c) of Republic Act No. 7160, as amended, is hereby
9 amended to read as follows:

10 "Section 461. Requisites for Creation.

11 (a) A province may be created if it has an average LOCALLY-GENERATED annual
12 income FOR THE LAST TWO (2) CONSECUTIVE YEARS, as certified by the
13 Department of Finance, of not less than [Twenty] TWO HUNDRED million pesos
14 [(P20,000,000.00)] (P200,000,000.00) based on [1991] 2000 constant prices and
15 either of the following requisites: "

XXX XXX XXX

16 "(c) The average annual LOCALLY-GENERATED income shall include the income
17 accruing to the general fund, exclusive of THE INTERNAL REVENUE ALLOTMENT
18 (IRA) SHARES, special funds, trust funds, transfers and non-recurring income."

19 **SECTION 4.** The Department of Interior and Local Government (DILG) shall issue the
20 necessary rules and regulations within sixty (60) days after the effectivity of this Act.

21 **SECTION 5.** All laws, acts, decrees, executive orders, rules and regulations which are
22 contrary to and inconsistent with any provision of this Act are hereby repealed, amended or
23 modified accordingly.

24 **SECTION 6. Effectivity.** — This Act shall take effect fifteen (15) days after its complete
25 publication either in the *Official Gazette* or in at least two (2) newspapers of general circulation.

26 Approved,