


THIRTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

'04 JUN 30 P10:06

SENATE

RECEIVED BY: 

S.B. NO. 855

Introduced by Senator JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

Under Section 325 (a) of the Local Government Code of 1991, it is provided that the total appropriations, whether annual or supplemental, for personal services of a local government unit for one (1) fiscal year shall not exceed forty- five percent (45%) in the case of first to third class provinces, cities, and municipalities, and fifty- five percent (55%) in the case of fourth class or lower, of the total annual income realized in the next preceding fiscal year.

The term "personal services" is a broad term which includes such items are representations, travel, and other allowances, bonuses, and the like, which when taken together with the basic salaries or wages of employees, amount to a sizable sum.

This restricts the LGUs which cannot appropriate for "personal services" in excess of the limitations in said Sec. 325 (a) of the Local Government Code of 1991.

It is the purpose of this bill, therefore, to amend the provisions of Section 325v (a) of said Local Government Code of 1991 by substituting "salaries and wages" for the term "personal services" in said section, so that the percentage ceilings in the appropriations of the local government units for personal services for one (1) year will now be based on "SALARIES AND WAGES" only, thereby allowing said LGUs a wider elbow room in determining the allocations in their local annual budgets in keeping with the concept of local autonomy.


JINGGOY EJERCITO ESTRADA
Senator

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AN ACT

**AMENDING SECTION 325(A) OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN
AS THE LOCAL GOVERNMENT CODE OF 1991, AND FOR OTHER PURPOSES**

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

SECTION 1. Section 325 (a) of republic Act No. 7160, otherwise known as the
Local Government Code of 1991, 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) The total appropriations, whether annual or supplemental, for [personal
services] SALARIES AND WAGES OF OFFICIALS AND EMPLOYEES
of a local government unit for one (1) fiscal year shall not exceed forty-
five (45%) in the case if the first to third class provinces, cities, and
municipalities, and fifty- five percent (55%) in the case of fourth class
or lower, of the total annual income from regular sources realized in
the next preceding fiscal year. The appropriation for salaries, wages,
representation and transportation allowances of officials and
employees of the public utilities, and economic enterprises owned,
operated and maintained by local government unit concerned, shall not
be included in the annual budget or in the computation of the maximum
amount for personal services. The appropriation for the personal
services of such economic enterprises shall be charged to their
respective budgets.”

SECTION 2. All laws or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 3. This Act shall take effect upon its approval.

Approved,