

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



'16 JAN 26 P2 56

SENATE
S. No. 3137

RECEIVED BY: J.

Introduced by Senator Miriam Defensor Santiago

AN ACT
AUTHORIZING LOCAL GOVERNMENT UNITS TO APPLY THE SHARE OF THE
PROCEEDS EARNED FROM THE DEVELOPMENT AND UTILIZATION OF
HYDROTHERMAL, GEOTHERMAL, AND OTHER SOURCES OF ENERGY FOR
ELECTRIFICATION OF OTHER AREAS WITHIN THE PROVINCE
WHERE THE SOURCE OF ENERGY IS LOCATED AMENDING FOR THE
PURPOSE SECTION 294 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS
THE LOCAL GOVERNMENT CODE OF 1991

EXPLANATORY NOTE

Presidential Decree No. 269, as amended otherwise known as the Rural Electrification Decree was issued in 1973 with the objective of attaining total electrification of the entire Philippines. However, it has already been more than two (2) decades now since the electrification program was launched, yet, there are still numerous areas in the countryside which do not have a supply of electricity. The national government has a perennial funding problem and therefore local government units, if only to pursue the objective of the law, must be given reasonable discretion to tap any available sources of funding to enable them to collaborate with the national government in such kind of worthy undertaking for the benefit of the poor people, particularly in remote areas. This kind of undertaking however, may not be possible due to the existence of a provision in the Local Government Code which provides restrictions on how the share of local government units will be spent.

Section 294 of the Local Government Code expressly limits the use of the share of the proceeds derived from the development and utilization of sources of energy to the reduction of the cost of electricity in the area where such a source is located. If the

number of population is considered, the application of the proceeds to lower the cost of electricity will be negligible, particularly in densely populated areas, but the amount may be sufficient to finance the electrification of other areas within the province where the source of energy is located.

The local government units are supposed to be in a better position to determine the needs of their constituents and what is best for them. However, local government units are severely restrained to exercise their best option due to the existence of the aforementioned provision in the Code which dictated upon them what to do with their own money. This system runs counter to the attainment of local autonomy. A curative legislation therefore that will allow local government units to use the share of the proceeds derived from the development and utilization of various sources of energy as intended in this bill is highly recommended. This is a Senate counterpart bill to one filed in the House of Representatives by Rep. Emilio C. Macias II.¹


MIRIAM DEFENSOR SANTIAGO
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¹ This bill was originally filed during the Fifteenth Congress, First Regular Session

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Senate
Office of the Secretary

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

1 SECTION 1. Section 294 of Republic Act No. 7160, otherwise known as the
2 Local Government Code of 1991, is hereby amended to read as follows:

3 SECTION 294. *Development and Livelihood Projects.* - The
4 proceeds from the share shall be appropriated by their respective
5 sanggunian to finance local development and livelihood projects: Provided,
6 however, that at least eighty percent (80%) of the proceeds derived from the
7 development and utilization of hydrothermal, geothermal and other sources
8 of energy shall be applied [solely] **FOR ELECTRIFICATION OF**
9 **OTHER AREAS WITHIN THE PROVINCE OR** to lower the cost of
10 electricity in the local government unit where such a source of energy is
11 located."

12 SECTION 2. *Repealing Clause.* - All laws, decrees, orders, and issuances, or
13 portions thereof, which are inconsistent with the provisions of this Act, are hereby
14 repealed, amended or modified accordingly.

1 SECTION 3. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
2 its publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,

/lfd 27Nov2015