

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



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SENATE

S. No. 843

RECEIVED BY: 

Introduced by Senator Ralph G. Recto

AN ACT
STRENGTHENING LOCAL GOVERNMENT UNITS BY INCREASING TO FIFTY PERCENT (50%) THE ANNUAL INTERNAL REVENUE ALLOTMENT SHARE OF LOCAL GOVERNMENT UNITS AND FOR OTHER PURPOSES

Explanatory Note

This bill seeks to promote good governance by local governments units (LGUs) by increasing LGU share in the internal revenue allotment (IRA) from forty percent (40%) to fifty percent (50%). With the increase of their share in the national taxes, local governments shall have greater capability to become effective partners of the national government in national progress. LGUs are expected to ensure efficient and effective delivery of basic services; increase local government capacities to generate revenues, enhance financial management and improve the performance of public economic enterprises; and improve their mechanisms for transparency and accountability.

Due to the significance of barangays as a basic political unit, it is but just to promote their welfare and prosperity. Hence, this bill proposes that the ten percent (10%) increase in the IRA share of LGUs may be used for the payment of compensation, allowances, emoluments and other privileges such as social security benefits of barangay officials and volunteer workers.

The total IRA share released to the 43,593 LGUs in 2016 amounted to P428.62 billion.¹ With the proposed 10% increase in the IRA share, the FY 2017 IRA level shall be P608.61 billion which is P121.72 billion or 21.1% higher than the projected total IRA share of P480.41 billion (without 10% increase) for all LGUs. The 10% increase in the IRA share of LGUs, if allocated to barangays, shall be enough to cover their personal services requirement.

In view of the foregoing, the immediate approval of this measure is hereby requested.


RALPH G. RECTO

ajp/aa

¹ Department of Budget and Management. Local Budget Memorandum No. 70 "FY 2016 IRA Level and Other Local Budget Preparation Matters." June 15, 2015.

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

1 **SECTION 1. Short Title.** – This Act shall be known as the “*Equal Income*
2 *Sharing Act of 2016*”.

3 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to
4 promote good governance by local government units (LGUs) and empower government
5 officials and public volunteer workers at the grassroots level.

6 The State recognizes the need of LGUs to have adequate funds to perform its
7 expenditure responsibilities.

8 In line with this policy and in cognizance of the crucial role of barangays as the
9 primary planning and implementing units of government policies, programs and projects,
10 the State shall, through the provision of increasing the barangay budget for the payment
11 of compensation, allowances, emoluments and other privileges such as social security
12 benefits, protect the rights and promote the welfare of barangay officials and volunteer
13 workers.

14 **SEC. 3. Increase in the Annual Internal Revenue Allotment (IRA) Share of**
15 *LGUs.* – Local government units shall have a share of fifty percent (50%) in the national
16 internal revenue taxes based on the collection of the third fiscal year preceding the
17 current fiscal year.

18 **PROVIDED,** That the ten percent (10%) increase in the annual internal revenue
19 allotment may be set aside and used for the payment of compensation, allowances,
20 emoluments and other privileges such as social security benefits of barangay officials and
21 volunteer workers.

22 **SEC. 3. Implementing Rules and Regulations.** The Secretaries of the Department
23 of the Interior and Local Government in coordination with the Department of Finance
24 and the Department of Budget and Management, shall jointly within ninety (90) days

25 from the effectivity of this Act, formulate and promulgate the rules and regulations to
26 implement the provisions of this Act.

27 **SEC. 4. *Repealing Clause.*** Section 284 of Republic Act No. 7160 otherwise
28 known as the “Local Government Code” is hereby amended. All other laws, orders,
29 decrees, issuances, circulars, rules and regulations or parts thereof which are inconsistent
30 with any of the provisions of this Act are hereby repealed or modified accordingly.

31 **SEC. 5. *Effectivity Clause.*** This Act shall take effect fifteen (15) days from the
32 date of publication in the Official Gazette or in at least two (2) newspapers of general
33 circulation.

Approved,