

## Explanatory Note

The bill seeks to institutionalize local autonomy by strengthening the fiscal autonomy of local government units (LGUs). It is also one way of giving LGUs a greater flexibility in the choice of their depository bank thus making LGUs independent and allowing them to become effective partners in nation building.

One of the provisions in the said statute that fully guarantees local autonomy and the vitality of the LGUs as a political units is Section 521. The said provision mandates that Congress shall undertake a mandatory review of the code at least once every five years and as often as it may deem necessary, with the primary objective of providing a more responsive and accountable local government structure.

The requisite review of the Local Government Code is something which almost all local government units look forward to with great enthusiasm as it will pave the way for a more effective LGU.

Approval of this bill, therefore, is earnestly requested.

ALPH C. PECTO

13 <sup>TH</sup> CONGRESS OF THE REPUBLIC	`
OF THE PHILIPPINES	)
First Regular Session	,

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SENATE

s. BILL NO. 1387

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## Introduced by SENATOR RALPH G. RECTO

## AN ACT

PROVIDING FOR GREATER FISCAL AUTONOMY IN FAVOR OF LOCAL GOVERNMENT UNITS (LGU's) IN THE CHOICE OF DEPOSITORY BANKS, AMENDING SECTION 311 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Section 311 of Republic Act No. 7160 is hereby amended to read as follows:

"SEC. 311. Depository Accounts. – Local treasurers shall maintain depository accounts in the name of their respective local government units with banks DULY ACCREDITED AS SUCH BY THE BANGKO SENTRAL NG PILIPINAS [preferably government-owned] located in or nearest their respective areas of jurisdiction FOR CURRENT OPERATING EXPENDITURES, INCLUDING PERSONAL SERVICES SUBJECT TO THE CONCURRENCE OF THE LOCAL SANGGUNIAN CONCERNED: PROVIDED, HOWEVER, THAT SPECIAL FUNDS CLASSIFIED UNDER SECTION 309 OF THIS ACT AND CAPITAL OUTLAYS, SHALL BE DEPOSITED PREFERABLY IN GOVERNMENT-OWNED BANKS. Earnings of each depository account shall accrue exclusively thereto.

- SEC. 2. All laws, executive orders, presidential decrees, rules and regulations or parts thereof which are inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.
- SEC. 3. This Act shall take effect fifteen (15) days after its publication in at least two (2) daily newspapers of general circulation.

Approved,