

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

'04 JUL 26 19:24

SENATE

RECEIVED BY: \_\_\_\_\_

S. No. 1462

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Introduced by Senator Manuel "Lito" M. Lapid

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### EXPLANATORY NOTE

As an archipelago situated in the western rim of the Pacific Ocean and part of the circum-Pacific seismic belt, the Philippines is situated in the path of turbulent and destructive typhoons, storms, floods, drought, earthquake, volcanic eruption and landslides. Its coastline of 17,461 kilometers makes it vulnerable to tsunamis and storm surges that endanger coastal communities.

Natural disasters cause great loss of life and extensive damage to property and infrastructure. The macroeconomic impact of these catastrophes can be measured in terms of its effects on agricultural production, industry and services, employment and inflation. In other words, the loss of resources due to these unpredicted catastrophes adversely affect the national economy. Depending on the extent of damage, the development process can be delayed or set back by years or a decade.

It may be gleaned from Section 324, paragraph (d) of R.A. 7160, otherwise known as The Local Government Code of 1991, that the unused or unutilized balance of the annual five percent (5%) set aside for unforeseen calamities is reverted back to the unappropriated surplus of the general funds (Sec. 322, R.A. 7160) of the municipality. Such reversion will render the unexpended balance available for reapportionment at the pleasure of the sanggunian concerned.

This bill seeks to amend a specific provision in R.A. 7160 by providing for a "Calamity Reserve Fund" to mitigate the damages caused by calamities and for the declaration of a state of calamity by the local sanggunian duly concurred by the local chief executive. This amendment will further the express dictate of the constitution on local autonomy.

  
**MANUEL "LITO" M. LAPID**

*Joint* Senator

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AN ACT  
AMENDING PARAGRAPH (D), SECTION 324 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. Paragraph (d), Section 324 of Republic Act No. 7160, otherwise  
known as the Local Government Code of 1991, is hereby amended as follows:

"Sec. 324. Budgetary Requirements. - The budgets of local  
government units for any fiscal year shall comply with the following requirements:

"xxx

"(d) Five percent (5%) of the estimated revenue from regular sources shall  
be set aside as annual lump sum appropriation for unforeseen expenditures  
arising from the occurrence of calamities: *Provided, however,* That such  
appropriation shall be used only in the area, or portion thereof, of the local  
government unit or other areas [declared in state of calamity by the President]  
**AFFECTED BY DISASTER OR CALAMITY AS DETERMINED BY THE LOCAL  
SANGGUNIAN CONCERNED AND DULY CONCURRED BY THE LOCAL  
CHIEF EXECUTIVE: PROVIDED, THAT THE TWENTY PERCENT (20%) OF  
THE UNEXPENDED BALANCE OF THE ANNUAL LUMP SUM  
APPROPRIATION FOR UNFORESEEN EXPENDITURES ARISING FROM THE  
OCCURRENCE OF CALAMITIES SHALL NOT REVERT TO THE  
UNAPPROPRIATED SURPLUS OF THE GENERAL FUND, AND SHALL BE  
SET ASIDE AS A CALAMITY RESERVED FUND. SAID FUND SHALL BE USED  
TO AUGMENT THE ANNUAL CALAMITY FUND WHEN DEEMED  
NECESSARY."**

SEC. 2. Separability Clause. - If for any reason, any section or  
provision of this Act is declared unconstitutional, other provisions hereof which are not  
affected thereby shall continue to be in full force and effect.

Sec. 3. *Repealing Clause.* - All laws, Presidential Decrees, Issuances, Executive Orders, Letters of Instruction, rules or regulations or any parts thereof inconsistent with the provision of this Act are hereby repealed or modified accordingly.

Sec. 4. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its publication in at least two (2) newspapers of general circulation.

Approved,

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