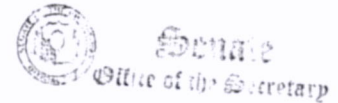


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



'18 APR -3 P2 :00

SENATE

S.B. No. 1774

RECEIVED BY

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Introduced by Senator SONNY ANGARA

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AN ACT  
TO REDUCE THE COST OF DOING BUSINESS IN LOCAL GOVERNMENT UNITS  
BY AMENDING CERTAIN PROVISIONS IN BOOK II OF REPUBLIC ACT 7160,  
OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

EXPLANATORY NOTE

One of the key objectives of the Local Government Code (Republic Act 7160) was to provide LGUs greater means to create their own revenue sources. Over the years and in a number of local governments, the pursuit of this objective has been in conflict with attracting and maintaining private investment. Many private businesses complain that the fees imposed by LGUs have raised the cost of doing business, thereby reducing their profitability and their viability.

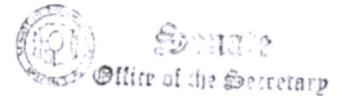
LGUs unlikely impose high fees and charges with the intent of taxing businesses out of existence. But in many cases, LGUs lack the guidance on how to fairly and efficiently determine what should be imposed (fee or charge).

With this in mind, this bill mandates several national agencies—the Department of the Interior and Local Governments (DILG), the Department of Budget and Management (DBM), the Department of Finance (DOF) and the National Economic and Development Authority (NEDA)—to outline clear guidelines in the setting of local fees and charges, which LGUs should then incorporate in their impositions. Such reform will raise LGU competitiveness and strike a healthy balance between revenue generation and private business promotion.

In view of the foregoing, approval of this Bill is earnestly requested.

SONNY ANGARA

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**AN ACT**  
**TO REDUCE THE COST OF DOING BUSINESS IN LOCAL GOVERNMENT UNITS**  
**BY AMENDING CERTAIN PROVISIONS IN BOOK II OF REPUBLIC ACT 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:*

1       **SECTION 1.** Section 131 of Republic Act No. 7160, otherwise known as the Local  
2 Government Code of 1991, hereinafter referred to as the "Code", is hereby amended  
3 to read as follows:

4       **"SEC. 131. Definition of Terms.** – When used in this Title, the term:

5       (a) x x x

6       x x x

7       (g) [~~"Charges" refer to pecuniary liability, as rents or fees against persons or~~  
8 ~~property~~] **"CHARGE" REFERS TO LIABILITY FOR SERVICES RENDERED**  
9 **OR CONVENIENCES PROVIDED BY THE LGU, THE AMOUNT OF WHICH**  
10 **SHOULD BE COMMENSURATE TO SUCH SERVICES AND CAPITAL**  
11 **RECOVERY WHICH ENSURES CONTINUED DELIVERY;**

12       (h) x x x

13       x x x

14       (l) [~~"Fee" means a charge fixed by law or ordinance for the regulation or~~  
15 ~~inspection of a business or activity~~] **REFERS TO A LIABILITY IMPOSED**  
16 **FOR THE REGULATION OR INSPECTION OF A BUSINESS OR ACTIVITY**

1 THE AMOUNT OF WHICH SHOULD BE COMMENSURATE TO THE  
2 ADMINISTRATIVE COST OF REGULATION AND SURVEILLANCE;

3 (m) x x x

4 x x x "

5 **SEC. 2.** Section 147 of the Code is hereby amended to read as follows:

6 **"SEC. 147. MUNICIPAL Fees [~~and Charges~~].** – The municipality may impose  
7 and collect such reasonable fees [~~and charges~~] on business and occupation  
8 and, except as reserved to the province in Section 139 of this Code, on the  
9 practice of any profession or calling, commensurate with the cost of  
10 regulation, inspection and licensing before any person may engage in such  
11 business or occupation, or practice such profession or calling **AND SUBJECT**  
12 **TO GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**  
13 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE ON THE**  
14 **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**  
15 **RECOVERY OF ADMINISTRATIVE COSTS."**

16 **SEC. 3.** Section 149 of the Code is hereby amended to read as follows:

17 **"SEC. 149. Fishery [~~Rentals,~~] LICENSE Fees and RENTAL Charges.** – (a)  
18 Municipalities shall have the exclusive authority to grant fishery privileges in  
19 the municipal waters and impose rentals, fees or charges therefore in  
20 accordance with the provisions of this Section.

21 (b) The sangguniang bayan may:

22 (1) Grant fishery privileges to erect fish corrals, oyster, mussel, or other  
23 aquatic beds or bangus fry areas, within a definite zone of the municipal  
24 waters, as determined by it **AND LEVY RENTAL CHARGES FOR SAID**  
25 **PRIVILEGE SUBJECT TO GUIDELINES TO BE PROVIDED BY THE**  
26 **BUREAU OF LOCAL GOVERNMENT FINANCE OF THE DEPARTMENT**  
27 **OF FINANCE, THE DEPARTMENT OF THE ENVIRONMENT AND**  
28 **NATURAL RESOURCES, AND THE BUREAU OF FISHERIES AND**  
29 **AQUATIC RESOURCES OF THE DEPARTMENT OF AGRICULTURE**



1           **ON THE SETTING OF LOCAL CHARGES TAKING INTO**  
2           **CONSIDERATION THE COSTS OF SERVICES FOR THE**  
3           **ENVIRONMENTAL MAINTENANCE AND SUSTAINABILITY OF THE**  
4           **MUNICIPAL WATERS COVERED BY THE PRIVILEGE:** *Provided,*

5           *however,* That duly registered organizations and cooperatives of marginal  
6           fishermen shall have the preferential right to such fishery privileges:  
7           *Provided, further,* That the sangguniang bayan may require a public  
8           bidding in conformity with and pursuant to an ordinance for the grant of  
9           such privileges: *Provided, finally,* That in the absence of such  
10          organizations and cooperatives or their failure to exercise their preferential  
11          right, other parties may participate in the public bidding in conformity with  
12          the above cited procedure.

13          (2) Grant the privilege to gather, take or catch bangus fry, prawn fry or  
14          kawag-kawag or fry or other species and fish from the municipal waters by  
15          nets, traps or other fishing gears to marginal fishermen free of any rental,  
16          fee, charge, or any other imposition whatsoever.

17          (3) Issue licenses for the operation of fishing vessels of three (3) tons or  
18          less for which purpose the sangguniang bayan shall promulgate rules and  
19          regulations regarding the issuances of such licenses to qualified applicants  
20          under existing laws **AND LEVY FEES SUBJECT TO GUIDELINES TO BE**

21          **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE OF**  
22          **THE DEPARTMENT OF FINANCE ON THE SETTING OF LOCAL FEES**  
23          **TAKING INTO CONSIDERATION THE RECOVERY OF**

24          **ADMINISTRATIVE COSTS:** *Provided, however,* That the sangguniang  
25          concerned shall, by appropriate ordinance, penalize the use of explosives,  
26          noxious or poisonous substances, electricity, muro-ami, and other  
27          deleterious methods of fishing and prescribe a criminal penalty therefor in  
28          accordance with the provisions of this Code: *Provided, finally,* That the  
29          sanggunian concerned shall have the authority to prosecute any violation  
30          of the provisions of applicable fishery laws.

31

1       **SEC. 4.** Section 152 of the Code is hereby amended to read as follows:

2       **“SEC. 152. Scope of Taxing Powers.** – The barangays may levy taxes, fees  
3       and charges, as provided in this Article, which shall exclusively accrue to  
4       them:

5       (a)     *Taxes* – On stores or retailers with fixed business establishments with  
6       gross sales or receipts of the preceding calendar year of Fifty thousand pesos  
7       (P50,000.00) or less, in the case of cities and Thirty thousand pesos  
8       (P30,000.00) or less, in the case of municipalities, at a rate not exceeding one  
9       percent (1%) on such gross sales or receipts.

10       (b)     ~~[Service Fees or]~~ *Charges* – Barangays may collect reasonable [fees  
11       or] charges for ~~[services rendered in connection with the regulation of]~~ the use  
12       of barangay-owned properties or service facilities such as palay, copra or  
13       tobacco dryers **SUBJECT TO GUIDELINES TO BE PROVIDED BY THE**  
14       **BUREAU OF LOCAL GOVERNMENT FINANCE OF THE DEPARTMENT**  
15       **OF FINANCE ON THE SETTING OF LOCAL CHARGES TAKING INTO**  
16       **CONSIDERATION THE RECOVERY OF, MAINTENANCE AND CAPITAL**  
17       **REPLACEMENT COSTS.**

18       (c)     *Barangay Clearance* – No city or municipality may issue any license or  
19       permit for any business or activity unless a clearance is first obtained from the  
20       barangay where such business or activity is located or conducted. For such  
21       clearance, the sanggunian barangay may impose a reasonable fee **SUBJECT**  
22       **TO GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**  
23       **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE ON THE**  
24       **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**  
25       **RECOVERY OF ADMINISTRATIVE COSTS.** The application for clearance  
26       shall be acted upon within seven (7) working days from the filing thereof. In  
27       the event that the clearance is not issued within the said period, the city or  
28       municipality may issue the said license or permit.

29       (d)     *Other fees [and Charges]* – **SUBJECT TO GUIDELINES TO BE**  
30       **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE OF**  
31       **THE DEPARTMENT OF FINANCE ON THE SETTING OF LOCAL FEES**  
32       **TAKING INTO CONSIDERATION THE RECOVERY OF ADMINISTRATIVE**  
33       **COSTS, [†] The barangay may levy reasonable fees [and charges]:**



- 1 (1) On commercial breeding of fighting cocks, cockfights and cockpits;
- 2 (2) On places of recreation which charge admission fees; and
- 3 (3) On billboards, signboards, neon signs, and outdoor advertisements.”

4 **SEC. 5.** Section 153 of the Code is hereby amended to read as follows:

5 “**SEC. 153 [~~Service~~] OTHER Fees [~~or~~] AND Charges.** – Local government  
6 units may impose and collect such reasonable fees and charges rendered  
7 **SUBJECT TO GUIDELINES TO BE PROVIDED BY THE BUREAU OF**  
8 **LOCAL GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE**  
9 **ON THE SETTING OF LOCAL FEES AND CHARGES TAKING INTO**  
10 **CONSIDERATION THE RECOVERY OF ADMINISTRATIVE, CAPITAL,**  
11 **MAINTENANCE AND OTHER SERVICE DELIVERY COSTS.”**

12 **SEC. 6.** Section 154 of the Code is hereby amended to read as follows:

13 “**SEC. 154. Public Utility Charges.** – Local government units may fix the  
14 rates for the operation of public utilities owned, operated and maintained by  
15 them within their jurisdiction **SUBJECT TO GUIDELINES TO BE PROVIDED**  
16 **BY THE BUREAU OF LOCAL GOVERNMENT FINANCE OF THE**  
17 **DEPARTMENT OF FINANCE ON THE SETTING OF LOCAL CHARGES**  
18 **TAKING INTO CONSIDERATION THE RECOVERY OF CAPITAL,**  
19 **MAINTENANCE AND OTHER SERVICE DELIVERY COSTS.”**

20 **SEC. 7.** Section 155 of the Code is hereby amended to read as follows:

21 “**SEC. 155 Toll [~~Fees–or~~] Charges.** – The sanggunian concerned may  
22 prescribe the terms and conditions and [fix] **SET** the rates [~~for the imposition~~  
23 ~~of toll fees or~~] **ON** charges **IMPOSED** for the use of any public road, pier, or  
24 wharf, waterway, bridge, ferry or telecommunication system funded and  
25 constructed by the local government unit concerned **SUBJECT TO**  
26 **GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**  
27 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE ON THE**  
28 **SETTING OF LOCAL CHARGES TAKING INTO CONSIDERATION THE**

1           **RECOVERY OF CAPITAL, MAINTENANCE AND OTHER SERVICE**  
2           **DELIVERY COSTS:** *Provided,* That no such toll [~~fees or~~] charges shall be  
3           collected from officers and enlisted men of the Armed Forces of the  
4           Philippines and members of the Philippine National Police on mission, post  
5           office personnel delivering mail, physically-handicapped, and disabled  
6           citizens who are sixty-five (65) years or older.

7           When public safety and welfare so requires, the sanggunian concerned  
8           may discontinue the collection of the tolls, and thereafter the said facility shall  
9           be free and open for public use."

10          **SEC. 8. Repealing Clause.** – Section 139 of Republic Act 7160 is hereby  
11          repealed. All general and special laws, acts, city charters, decrees, executive orders,  
12          proclamations and administrative regulations, or part or parts thereof which are  
13          inconsistent with any of the provisions of this Act are hereby repealed or modified  
14          accordingly.

15          **SEC. 9. Separability Clause.** – If, for any reason or reasons, any part of  
16          provision of this Act shall be held unconstitutional or invalid, other parts or provisions  
17          hereof which not affected thereby shall continue to be in full force and effect.

18          **SEC. 10. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its  
19          publication in the *Official Gazette* or in a newspaper of general circulation.

*Approved,*