

SENATE

'18 DEC -3 P2 :23

COMMITTEE REPORT NO. 533

RE...

Submitted by the Committees on Local Government; and Trade, Commerce and Entrepreneurship on DEC - 3 2018.

Re: Senate Bill No. 2123. Prepared by the Committees

Recommending its approval in substitution of Senate No. 1774

Sponsor: Senator Angara

**MR. PRESIDENT:**

The Committees on Local Government; and Trade, Commerce and Entrepreneurship, to which was referred **Senate Bill No. 1774**, introduced by Senator Angara entitled:

**"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"**

have considered the same and have the honor to report it back to the Senate with the recommendation that the attached Senate Bill No. 2123 prepared by the Committees, entitled:

**"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 approved in substitution of Senate Bill No. 1774 with Senators Angara and Pimentel as authors thereof.

Respectfully submitted:



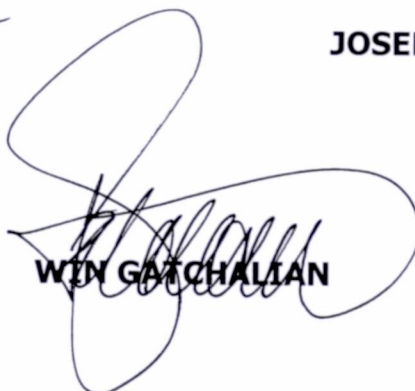
**SONNY ANGARA**  
*Chairperson*  
**Committee on Local Government**

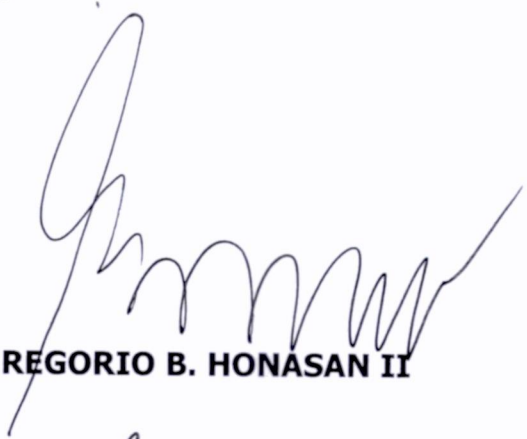
**AQUILINO "KOKO" PIMENTEL III**  
*Chairperson*  
**Committee on Trade, Commerce and Entrepreneurship**

**VICE CHAIRPERSONS:**

  
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**WIN GATCHALIAN**



**GREGORIO B. HONASAN II**

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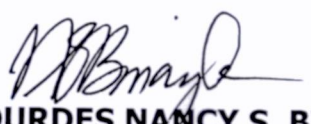


**JOEL VILLANUEVA**

**CYNTHIA VILLAR**

**FRANCIS "KIKO" PANGILINAN**

**PAOLO BENIGNO "BAM" AQUINO IV**

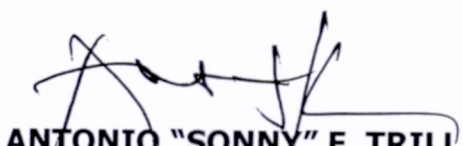


**MA. LOURDES NANCY S. BINAY**

**FRANCIS "CHIZ" G. ESCUDERO**



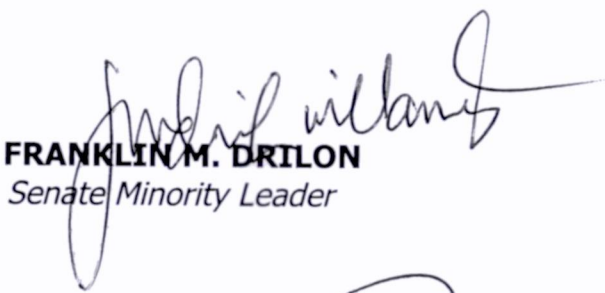
**GRACE POE**



**ANTONIO "SONNY" F. TRILLANES IV**

**RICHARD GORDON**

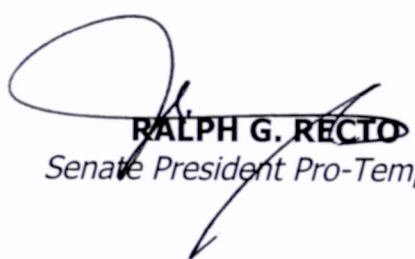
**EX-OFFICIO MEMBERS:**



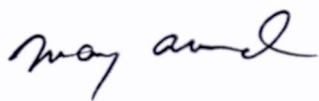
**FRANKLIN M. DRILON**  
*Senate Minority Leader*



**JUAN MIGUEL F. ZUBIRI**  
*Senate Majority Leader*



**RALPH G. RECTO**  
*Senate President Pro-Tempore*



**Hon. VICENTE C. SOTTO III**  
*Senate President*

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



**SENATE**  
**S. B. No. 2123**

18 DEC -3 12:24

(In substitution of Senate Bill No. 1774) RECEIVED

ASV

Prepared and submitted jointly by the Committees on Local Government and Trade, Commerce and Entrepreneurship with Senators Sonny Angara and Aquilino "Koko" Pimentel III as authors thereof

**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  
2 Local Government Code of 1991, hereinafter referred to as the "Code", is hereby  
3 amended 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~~  
8 ~~persons or property~~] **"CHARGE" REFERS TO LIABILITY FOR**  
9 **SERVICES RENDERED OR CONVENIENCES PROVIDED BY THE**  
10 **LOCAL GOVERNMENT UNIT, THE AMOUNT OF WHICH SHOULD**  
11 **BE COMMENSURATE TO SUCH SERVICES AND CAPITAL**  
12 **RECOVERY WHICH ENSURES CONTINUED DELIVERY;**

13 (h) x x x



1 x x x

2 (l) "Fee" [~~means a charge fixed by law or ordinance for the regulation~~  
3 ~~or inspection of a business or activity~~] **REFERS TO A LIABILITY**  
4 **IMPOSED FOR THE REGULATION OR INSPECTION OF A**  
5 **BUSINESS OR ACTIVITY THE AMOUNT OF WHICH SHOULD BE**  
6 **COMMENSURATE TO THE ADMINISTRATIVE COST OF**  
7 **REGULATION AND SURVEILLANCE;**

8 (m) x x x

9 x x x "

10 Sec. 2. Section 147 of the Code is hereby amended to read as follows:

11 "Sec. 147. **MUNICIPAL Fees and Charges.** – The municipality may  
12 impose and collect such reasonable fees and charges **FOR SERVICES**  
13 **RENDERED OR CONVENIENCES PROVIDED** on business and  
14 occupation and, except as reserved to the province in Section 139 of  
15 this Code, on the practice of any profession or calling, commensurate  
16 with the cost of regulation, inspection and licensing before any person  
17 may engage in such business or occupation, or practice such  
18 profession or calling **AND SUBJECT TO GUIDELINES TO BE**  
19 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**  
20 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**  
21 **THE LEAGUE OF MUNICIPALITIES OF THE PHILIPPINES, ON**  
22 **THE SETTING OF LOCAL FEES TAKING INTO CONSIDERATION**  
23 **THE RECOVERY OF ADMINISTRATIVE COSTS."**

24 Sec. 3. Section 149 of the Code is hereby amended to read as follows:

25 "Sec. 149. *Fishery [Rentals,]* **LICENSE Fees and RENTAL Charges.** –

26 (a) Municipalities shall have the exclusive authority to grant fishery  
27 privileges in the municipal waters and impose rentals, fees or charges  
28 therefore in accordance with the provisions of this Section.

29 (b) The sangguniang bayan may:

30 (1) Grant fishery privileges to erect fish corrals, oyster, mussel, or  
31 other aquatic beds or bangus fry areas, within a definite zone of the  
32 municipal waters, as determined by it **AND LEVY RENTAL CHARGES**

1           **FOR SAID PRIVILEGE SUBJECT TO GUIDELINES TO BE**  
2           **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**  
3           **OF THE DEPARTMENT OF FINANCE, THE DEPARTMENT OF THE**  
4           **ENVIRONMENT AND NATURAL RESOURCES, AND THE BUREAU**  
5           **OF FISHERIES AND AQUATIC RESOURCES OF THE**  
6           **DEPARTMENT OF AGRICULTURE, IN CONSULTATION WITH**  
7           **THE LEAGUE OF MUNICIPALITIES OF THE PHILIPPINES, ON**  
8           **THE SETTING OF LOCAL CHARGES TAKING INTO**  
9           **CONSIDERATION THE COSTS OF SERVICES FOR THE**  
10           **ENVIRONMENTAL MAINTENANCE AND SUSTAINABILITY OF**  
11           **THE MUNICIPAL WATERS COVERED BY THE PRIVILEGE:**

12           *Provided, however,* That duly registered organizations and  
13           cooperatives of marginal fishermen shall have the preferential right to  
14           such fishery privileges: *Provided, further,* That the Sangguniang Bayan  
15           may require a public bidding in conformity with and pursuant to an  
16           ordinance for the grant of such privileges: *Provided, finally,* That in the  
17           absence of such organizations and cooperatives or their failure to  
18           exercise their preferential right, other parties may participate in the  
19           public bidding in conformity with the above cited procedure.

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

24           (3) Issue licenses for the operation of fishing vessels of three (3) tons  
25           or less for which purpose the Sangguniang Bayan shall promulgate  
26           rules and regulations regarding the issuances of such licenses to  
27           qualified applicants under existing laws **AND LEVY FEES SUBJECT**  
28           **TO GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**  
29           **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**  
30           **IN CONSULTATION WITH THE LEAGUE OF MUNICIPALITIES**  
31           **OF THE PHILIPPINES, ON THE SETTING OF LOCAL FEES**  
32           **TAKING INTO CONSIDERATION THE RECOVERY OF**



1           **ADMINISTRATIVE COSTS:** *Provided, however,* That the  
2           sangguniang concerned shall, by appropriate ordinance, penalize the  
3           use of explosives, noxious or poisonous substances, electricity, muro-  
4           ami, and other deleterious methods of fishing and prescribe a criminal  
5           penalty therefor in accordance with the provisions of this Code:  
6           *Provided, finally,* That the sanggunian concerned shall have the  
7           authority to prosecute any violation of the provisions of applicable  
8           fishery laws.

9           Sec. 4. Section 152 of the Code is hereby amended to read as follows:

10           "Sec. 152. *Scope of Taxing Powers.* – The barangays may levy taxes,  
11           fees and charges, as provided in this Article, which shall exclusively  
12           accrue to them:

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

18           (b) ~~[Service Fees or]~~ *Charges* – Barangays may collect reasonable [fees  
19           or] charges for ~~[services rendered in connection with the regulation or]~~  
20           the use of barangay-owned properties or service facilities such as  
21           palay, copra or tobacco dryers **SUBJECT TO GUIDELINES TO BE**  
22           **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**  
23           **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**  
24           **THE LIGA NG MGA BARANGAYS SA PILIPINAS, ON THE**  
25           **SETTING OF LOCAL CHARGES TAKING INTO CONSIDERATION**  
26           **THE RECOVERY OF, MAINTENANCE AND CAPITAL**  
27           **REPLACEMENT COSTS.**

28           (c) *Barangay Clearance* – No city or municipality may issue any license  
29           or permit for any business or activity unless a clearance is first  
30           obtained from the barangay where such business or activity is located  
31           or conducted. For such clearance, the sanggunian barangay may  
32           impose a reasonable fee **SUBJECT TO GUIDELINES TO BE**

1           **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**  
2           **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**  
3           **THE LIGA NG MGA BARANGAY SA PILIPINAS, ON THE**  
4           **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**  
5           **RECOVERY OF ADMINISTRATIVE COSTS.** The application for  
6           clearance shall be acted upon within seven (7) working days from the  
7           filing thereof. In the event that the clearance is not issued within the  
8           said period, the city or municipality may issue the said license or  
9           permit.

10           (d) *Other fees [~~and Charges~~]* – **SUBJECT TO GUIDELINES TO BE**  
11           **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**  
12           **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**  
13           **THE LIGA NG MGA BARANGAY SA PILIPINAS, ON THE**  
14           **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**  
15           **RECOVERY OF ADMINISTRATIVE COSTS,** [†] The barangay may  
16           levy reasonable fees [~~and charges~~]:

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

22           Sec. 5. Section 153 of the Code is hereby amended to read as follows:

23           “Sec. 153 [~~Service~~] **OTHER Fees [~~of~~] AND Charges.** – Local  
24           government units may impose and collect such reasonable fees and  
25           charges for services rendered **SUBJECT TO GUIDELINES TO BE**  
26           **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**  
27           **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**  
28           **THE APPROPRIATE LEAGUE OF THE LOCAL GOVERNMENT**  
29           **UNIT, ON THE SETTING OF LOCAL FEES AND CHARGES**  
30           **TAKING INTO CONSIDERATION THE RECOVERY OF**  
31           **ADMINISTRATIVE, CAPITAL, MAINTENANCE AND OTHER**  
32           **SERVICE DELIVERY COSTS.”**



1 Sec. 6. Section 154 of the Code is hereby amended to read as follows:

2 "Sec. 154. *Public Utility Charges.* – Local government units may fix  
3 the rates for the operation of public utilities owned, operated and  
4 maintained by them within their jurisdiction **SUBJECT TO**  
5 **GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**  
6 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**  
7 **IN CONSULTATION WITH THE APPROPRIATE LEAGUE OF THE**  
8 **LOCAL GOVERNMENT UNIT, ON THE SETTING OF LOCAL**  
9 **CHARGES TAKING INTO CONSIDERATION THE RECOVERY OF**  
10 **CAPITAL, MAINTENANCE AND OTHER SERVICE DELIVERY**  
11 **COSTS."**

12 Sec. 7. Section 155 of the Code is hereby amended to read as follows:

13 "Sec. 155 *Toll [~~Fees or~~] Charges.* – The sanggunian concerned may  
14 prescribe the terms and conditions and [~~fix~~] **SET** the rates [~~for the~~  
15 ~~imposition of toll fees or~~] **ON** charges **IMPOSED** for the use of any  
16 public road, pier, or wharf, waterway, bridge, ferry or  
17 telecommunication system funded and constructed by the local  
18 government unit concerned **SUBJECT TO GUIDELINES TO BE**  
19 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**  
20 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**  
21 **THE APPROPRIATE LEAGUE OF THE LOCAL GOVERNMENT**  
22 **UNIT, ON THE SETTING OF LOCAL CHARGES TAKING INTO**  
23 **CONSIDERATION THE RECOVERY OF CAPITAL, MAINTENANCE**  
24 **AND OTHER SERVICE DELIVERY COSTS: *Provided,*** That no such  
25 toll [~~fees or~~] charges shall be collected from officers and enlisted men  
26 of the Armed Forces of the Philippines and members of the Philippine  
27 National Police on mission, post office personnel delivering mail,  
28 physically-handicapped, and disabled citizens who are sixty-five (65)  
29 years or older.

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

1           Sec. 8. *Ordinances Imposing Fees and Charges.* – All existing ordinances on  
2 the imposition of fees and charges of local government units shall continue to be in  
3 force and effect after the effectivity of this Act: *Provided,* That within two (2) years  
4 from the effectivity of this Act, the concerned local government unit shall enact an  
5 ordinance in compliance with the guidelines to be issued pursuant to this Act.

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

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

Approved,

## FACT SHEET

### Senate Bill No. 1774

**" 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**

Introduced by Senator Angara

Committee Referral : Committee on Local Government and  
Committee on Trade Commerce and Entrepreneurship

Committee Chairperson : SEN. SONNY ANGARA

#### OBJECTIVES

- Addresses the problem of too much fees and charges imposed by LGUs resulting in raising the cost of doing business which in turn reduces the profitability and viability of private businesses and investors;
- Mandates oversight national agencies – the Department of the Interior and Local Governments, the Department of Budget and Management, the Department of Finance and the National Economic and Development Authority to provide guidance in the setting of fees and charges and to mandate LGUs to incorporate this guidance in the design of their impositions;
- Amends 131, 147, 149, 152-155 of the LGC

#### POLICY NOTE

- Bill was proposed by the DILG and ADB
- No oppositions from the concerned stakeholders during the Committee hearing

#### MEETINGS CONDUCTED

- **Public Hearing** - May 8, 2018
- **TWG** – June 20, 2018

#### HOUSE COUNTERPART MEASURES

- None