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INTRODUCED BY SENATOR FRANCIS "TOL" N. TOLENTINO

RESOLUTION

URGING THE SENATE COMMITTEES ON FINANCE AND LOCAL GOVERNMENT TO CONDUCT AN INQUIRY IN AID OF LEGISLATION ON THE IMPENDING IMPLEMENTATION BY THE EXECUTIVE DEPARTMENT OF THE MANDANAS RULING TO ENSURE THE PROPER AND ORDERLY DEVOLUTION OF BASIC SERVICES TO LOCAL GOVERNMENT UNITS

WHEREAS, on 3 July 2018, the Supreme Court promulgated *Mandanas v. Ochoa* [G.R. No. 199802], wherein it was clarified that the just share of the local government units (LGUs) should include all national taxes and not only national internal revenue taxes (Mandanas Ruling). The Supreme Court, in this case, declared unconstitutional the phrase "internal revenue" appearing in Section 284 of Republic Act No. 7160, otherwise known as the "Local Government Code" (LGC) and its Implementing Rules and Regulations (IRR);

REAFFIRMING the importance of local fiscal autonomy granted to LGUs under Section 6, Article X of the 1987 Constitution, the Supreme Court, in the same case, directed the Bureau of Internal Revenue and the Bureau of Customs to certify all national tax collections pursuant to the IRR of the LGC;

SIMILARLY, the Secretary of Finance, Secretary of Budget and Management, Commissioner of Internal Revenue, Commissioner of Customs, and National Treasurer were ordered to include all collections of national taxes in computing the just share of the LGUs, as modified by the Mandanas ruling;

CONSEQUENTLY, on 1 June 2021, Malacañang issued Executive Order (E.O.) No. 138, series of 2021, which will serve as the operational framework for the implementation of the Mandanas ruling. E.O No. 138 mandated a full devolution of the provision of basic services and facilities to the LGUs;

COMMITTED to the policy of decentralization enshrined in the 1987 Constitution, it is only proper and necessary for the Senate to conduct an inquiry on the impending

implementation of the Mandanas ruling by the Executive Department in order to enact a counterpart legislative measure that would ensure a clear and orderly devolution of basic services to provinces, cities, municipalities, and barangays;

NECESSARILY, all LGUs should be equipped and capacitated not only financially as they receive their just share in the national wealth in accordance with the Mandanas ruling but, more so, to effectively utilize funds downloaded to them for the benefit of their constituents;

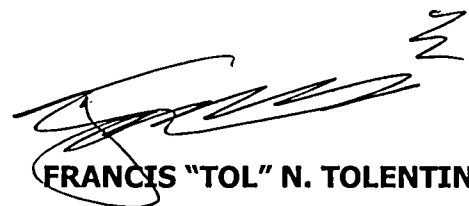
COROLLARY, since the Mandanas ruling effectively decreases the allotments to agencies of the national government, the latter is likewise expected to focus on functions relating to national policies and development programs. Hence, a situation should be avoided wherein basic services are not delivered to the people due to misallocation of funds or improper and unclear devolution of functions;

GUIDED by the principle that the power of the purse is lodged with Congress, it is likewise necessary to review the provision on Growth Equity Fund (GEF) under Section 8 of E.O. No. 138 that would cover the funding requirements of "poor, disadvantaged, and lagging LGUs." Although the GEF is intended to address issues on marginalization, unequal development, and disparities in the fiscal capacities among the LGUs, the Senate has to review the establishment of the GEF in relation to the existing Local Government Support Fund;

DESIRING, finally, to protect the rights of workers across all sectors and promote their welfare, the Senate, in coordination with the Department of Labor and Employment, the Civil Service Commission, and other pertinent government agencies, needs to ensure that the labor rights of affected employees and personnel are not infringed by the intended operationalization of the Mandanas ruling;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved, to direct the Senate Committees on Finance and Local Government to conduct an inquiry in aid of legislation on the impending implementation of the Mandanas ruling to ensure the proper and orderly devolution of basic services to local government units.

Adopted,



FRANCIS "TOL" N. TOLENTINO