

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

SENATE
Office of the Secretary

'22 JUL 19 P 6:41

SENATE
S. B. No. 773

RECEIVED BY _____



Introduced by Senator SONNY ANGARA

AN ACT
PROVIDING THE DIRECT REMITTANCE TO THE HOST LOCAL GOVERNMENT
UNITS OF THEIR FORTY PERCENT (40%) SHARE DERIVED FROM THE
NATIONAL WEALTH AMENDING FOR THE PURPOSE SECTION 293 OF
REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE "LOCAL
GOVERNMENT CODE OF 1991"

EXPLANATORY NOTE

Section 7, Article X of the 1987 Constitution provides, "*Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits.*"

In accordance with the Constitution, the Local Government Code of 1991 (LGC) aimed to ensure the fiscal autonomy of local government units by allocating them just shares in the revenue collections and in the proceeds of the utilization and development of the national wealth within their respective jurisdictions, in addition to their revenue-generating powers.

However, although Sections 286 and 293 of the LGC mandate that the share of LGUs in the proceeds of the utilization and development of the national wealth be released to the host LGUs within five (5) days after the end of each quarter, LGUs are complaining that under the present system, it takes a long time before the host LGU receives its share, which has to be disbursed from the national government funds. Due to the delay, LGUs face a difficult situation of effectively financing their developmental program and projects.

As a remedy, this bill proposes to amend Section 293 of the LGC by mandating any person, natural or juridical, including government agencies or government-owned or -controlled corporations engaged in the utilization and development of the national wealth to directly remit to the host LGU its forty percent (40%) share from national wealth taxes provided under Sections 290 and 291 of the LGC for direct, prompt and full receipt of the LGUs' just share.

Thus, the early passage of this bill is earnestly requested.




SONNY ANGARA
7/10

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

1 **SECTION 1.** Section 293 of Republic Act No. 7160, otherwise known as the
2 "Local Government Code of 1991" is hereby amended to read as follows:
3 "Sec. 293. *Remittance of the Share of Local Government.* - The share of
4 local government units from the utilization and development of national
5 wealth shall be **AUTOMATICALLY APPROPRIATED AND** remitted in
6 accordance with Section 286 of this Code: *Provided, however,* That
7 **PERSONS, NATURAL OR JURIDICAL, INCLUDING [in the case of any]**
8 government agenc[~~y~~]**IES** or government-owned or controlled corporation**S**
9 engaged in the utilization and development of the national wealth [~~such~~
10 share] shall [~~be~~] directly remit[~~ted~~] **THE FORTY PERCENT (40%) OF**
11 **THE PROCEEDS FROM NATIONAL WEALTH UNDER SECTION 290**
12 **OF THIS CODE** to the [~~provincial, city, municipal or barangay treasurer~~
13 concerned] **TREASURER OF THE HOST LOCAL GOVERNMENT UNITS,**
14 within **TWENTY-five (25) days** after the end of each quarter **AND THE**
15 **REMAINING SIXTY PERCENT (60%) TO THE RESPECTIVE**

1 **COLLECTING AGENCIES OF THE NATIONAL GOVERNMENT,**
2 **WITHIN THE PRESCRIBED PERIODS UNDER EXISTING**
3 **APPLICABLE LAWS, RULES AND REGULATIONS.”**

4 **SEC. 2. *Implementing Rules and Regulations.*** – The Secretaries of the
5 Department of Finance, Department of Budget and Management, Department of the
6 Interior and Local Government, Department of Environment and Natural Resources,
7 and the Department of Energy, in Consultation with the Union of Local Authorities of
8 the Philippines (ULAP) and other relevant stakeholders, shall jointly formulate and
9 issue the appropriate rules and regulations necessary to implement and carry out the
10 intent, objective, purpose and provisions of this Act within one hundred twenty (120)
11 days from its effectivity.

12 **SEC. 3. *Repealing Clause.*** – Any provision of laws, orders, agreements, rules,
13 or regulations contrary to and inconsistent with this Act is hereby repealed, amended
14 or modified accordingly.

15 **SEC. 4. *Effectivity.*** – This Act shall take effect after fifteen (15) days following
16 its publication in the *Official Gazette* or in at least two (2) newspapers of general
17 circulation.

Approved,