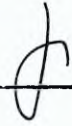


**NINETEENTH CONGRESS OF THE** )  
**REPUBLIC OF THE PHILIPPINES** )  
First Regular Session )

'22 JUL 28 P5:01

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**SENATE**

**S. B. NO. 924**

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Introduced by **SENATOR JOEL VILLANUEVA**

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**AN ACT PROMOTING LOCAL GOVERNMENT  
EMPOWERMENT IN ORDER TO ACHIEVE INCLUSIVE  
DEVELOPMENT, AMENDING FOR THE PURPOSE SECTION  
284 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS  
THE LOCAL GOVERNMENT CODE OF 1991**

**EXPLANATORY NOTE**

Republic Act No. 7160 or the Local Government Code of 1991 (LGC) sought to empower Local Government Units (LGUs) by giving them the authority to effectively formulate and implement their respective projects and programs by, among others, giving them a just share in the national taxes and empowering them to create their own sources of revenue.

The share of the LGUs in national taxes is realized through the automatic appropriation and release of Internal Revenue Allotments (IRA) to each LGU. The IRA from the National Government enables the LGUs to fund their respective programs consistent with the national objective of effectively carrying out devolved functions. With this principle in mind, the Supreme Court in *Mandanas v. Ochoa* (G.R. No. 199802, 2018) clarified that the just share of the LGUs includes all national taxes and not only national internal revenue taxes. World Bank estimates that the share of the IRA of LGUs in the 2022 budget increased by 55%.<sup>1</sup>

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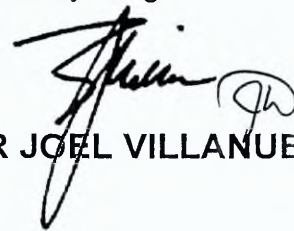
<sup>1</sup> June 10, 2021. PHILIPPINES: Mandanas Ruling Provides Opportunities for Improving Service Delivery Through Enhanced Decentralization. June 10, 2021. Retrieved from: <https://www.worldbank.org/en/news/press-release/2021/06/10/philippines-mandanas-ruling-provides-opportunities-for-improving-service-delivery-through-enhanced-decentralization> (last accessed: July 22, 2022).

Aside from their right to a just share in national taxes, LGUs are also empowered under the LGC to create and broaden their own sources of revenue, by giving them, for example, the power to tax the transfer of real property ownership.

However, despite the additional resources and possible additional sources of revenue, many LGUs continue to suffer from limited fiscal resources. More often than not, this translates to a failure to effectively and adequately provide social services to constituents. To date, many LGUs continue to rely on direct provision from the national government especially for programs and projects that contribute to local development.

To address the issue of scarce resources faced by many LGUs and to support them in the full devolution of certain functions and delivery of basic services and facilities, this bill seeks to provide additional funding to LGUs by amending Section 248 of the LGC by increasing their share in the national taxes from forty percent (40%) to fifty percent (50%).

Thus, the immediate passage of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'Joel Villanueva', with a circular mark to the right containing the initials 'JW'.

**SENATOR JOEL VILLANUEVA**



Senate

Office of the Secretary

NINETEENTH CONGRESS OF THE )  
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SENATE

S. B. NO. 924

Introduced by **SENATOR JOEL VILLANUEVA**

**AN ACT PROMOTING LOCAL GOVERNMENT EMPOWERMENT IN ORDER TO ACHIEVE INCLUSIVE DEVELOPMENT, AMENDING FOR THE PURPOSE SECTION 284 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:*

1           **SECTION 1.** Section 284 of Republic Act No. 7160, otherwise known as  
2 the "Local Government Code of 1991" is hereby amended to read as follows:

3

4           "SEC. 284. Allotment of [Internal Revenue] Taxes. –

5

6           Local government units shall have a share in the national [internal  
7 revenue] taxes based on the collection of the third fiscal year preceding  
8 the current fiscal year as follows:

9

10           a) On the first year of the effectivity of this Code, thirty percent (30%);

11

12           b) On the second year, thirty-five percent (35%); and

13

14           c) On the third year and thereafter, FIFTY PERCENT (50%) [forty  
15 percent (40%).]

16

x x x

17

18           **SEC. 2. Implementing Rules and Regulations.** – Within sixty (60) days  
19 from the effectivity of this Act, the Secretary of Finance and the Secretary of  
20 Budget and Management, in consultation with Department of Interior and Local  
21 Government (DILG), the Leagues of Provinces, Cities and Municipalities, Liga  
22 ng mga Barangay and other relevant stakeholders, shall promulgate the  
23 necessary rules and regulations for the effective implementation of this Act.

24

1           **SEC. 3. Separability Clause.** – If any provision of this Act or the  
2 application such provision to any person or circumstances is declared  
3 unconstitutional, the remainder of the Act or the application of such provision to  
4 other person or circumstances shall not be affected by such declaration.

5  
6           **SEC. 4. Repealing Clause.** – Any law, presidential decree or issuance,  
7 executive order, letter of instruction, administrative order, rule or regulation of  
8 the contrary to or inconsistent with any provision of this Act is hereby repealed  
9 or modified accordingly.

10  
11           **SEC. 5. Effectivity.** – This Act shall take effect fifteen (15) days from  
12 the date of its publication in the Official Gazette or in at least two (2) newspapers  
13 of general circulation.

14  
15 **Approved,**  
16