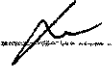


FOURTEENTH CONGRESS OF THE REPUBLIC )  
 OF THE PHILIPPINES )  
 First Regular Session )

8 APR 28 11 11

SENATE  
 S. No. **2203**

RECEIVED BY: 


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Introduced by Senator Miriam Defensor Santiago

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EXPLANATORY NOTE

Real property tax (RPT) is the single major source of income of local governments. It accounts for roughly 36% of total locally-generated income of LGUs. However, the Commission on Audit (COA) bared that only 54% of the total potential tax take are actually collected. There are several reasons raised why there is an apparent under collection of real property taxes:

(1) There is no uniform method of appraising real properties among local governments - i.e., two similar assets located in two different but adjacent jurisdictions may bear different RPT burdens. (2) Revision or updating of the schedule of fair market values is so infrequent, thus, resulting in a low tax base even as assets in the market continue to appreciate. (3) The approval of the schedule of fair market values is vested on the Sanggunian Panlalawigan/Panlungsod. Considering the political nature of the local Sanggunian, the tendency is to forego revisions in the valuation schedule or to keep the property values understated.

It is important, therefore, that the approval of the schedule of fair market values be transferred from the local Sanggunian to the Department of Finance (DOF) upon review and recommendation of a Regional Technical Valuation Committee. The power to determine the assessment levels and tax rates, however, shall remain with the local Sanggunian.

The Committee shall be composed of the local assessors, and regional representatives from the Bureau of Local Government Finance (BLGF), the Bureau of Internal Revenue (BIR), and the private sector. The same Committee will seek to harmonize the valuation method used by the different local government units, national government agencies, and the private sector.

This is a senate counterpart bill to one filed in the House of Representatives by Rep. Jose De Venecia, Jr.

  
 MIRIAM DEFENSOR SANTIAGO

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

8 APR 28 2015

SENATE  
S. No. 2203

RECEIVED BY: [Signature]

Introduced by Senator Miriam Defensor Santiago

1 AN ACT  
2 AMENDING SECTIONS 212 AND 214 OF REPUBLIC ACT 7160,  
3 OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

6 SECTION 1. Section 212 of the Local Government Code of 1991 is hereby amended to  
7 read as follows:

8 SEC. 212. *Preparation of Schedule of Fair Market Values.* - Before any general  
9 revision of property assessment is made pursuant to the provisions of this Title, [there  
10 shall be prepared a schedule of fair market values by the provincial, city and the  
11 municipal assessors of the municipalities within the Metropolitan Manila Area for the  
12 different classes of real property situated in their respective local government units for  
13 enactment by ordinance of the sanggunian concemed.] A SCHEDULE OF FAIR  
14 MARKET VALUES SHALL BE PREPARED BY A REGIONAL TECHNICAL  
15 VALUATION COMMITTEE FOR FINAL APPROVAL OF THE SECRETARY OF  
16 FINANCE.

17 THE REGIONAL TECHNICAL VALUATION COMMITTEE SHALL BE  
18 COMPOSED OF THE PROVINCIAL, CITY AND MUNICIPAL ASSESSORS OF  
19 MUNICIPALITIES WITHIN THE METROPOLITAN MANILA AREA, AND ONE  
20 REPRESENTATIVE EACH FROM THE BUREAU OF LOCAL GOVERNMENT  
21 FINANCE (BLGF), THE BUREAU OF INTERNAL REVENUE (BIR), AND THE  
22 PRIVATE SECTOR. THE REPRESENTATIVE FROM THE PRIVATE SECTOR  
23 MUST BE DIRECTLY INVOLVED IN REAL ESTATE APPRAISAL.

1 SECTION 2. Section 214 of the Local Government Code of 1991 is hereby amended to  
2 read as follows:

3 SEC. 214. *Amendment of Schedule of Fair Market Values.* - The [provincial, city  
4 or municipal assessor] REGIONAL TECHNICAL VALUATION COMMITTEE may  
5 recommend to the [sanggunian] SECRETARY OF FINANCE concerned amendments to  
6 correct errors in valuation of the schedule of fair market values. The [sanggunian]  
7 SECRETARY concerned shall, [by ordinance.] act upon the recommendation within  
8 ninety (90) days from receipt thereof.

9 SECTION 3. Effectivity. - This Act shall take effect fifteen (15) days following its  
10 Publication in two (2) newspaper of general circulation.

Approved,