


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

8 APR 29 1976

SENATE  
 S. No. **2226**

RECEIVED BY 

Introduced by Senator Miriam Defensor Santiago

#### EXPLANATORY NOTE

Presidential Decree No. 269, as amended otherwise known as the Rural Electrification Decree was issued in 1973 with the objective of attaining total electrification of the entire Philippines. However, it has already been more than two (2) decades now since the electrification program was launched, yet, there are still numerous areas in the countryside which do not have a supply of electricity. The national government has a perennial funding problem and therefore local government units, if only to pursue the objective of the law, must be given reasonable discretion to tap any available sources of funding to enable them to collaborate with the national government in such kind of worthy undertaking for the benefit of the poor people, particularly in remote areas. This kind of undertaking however, may not be possible due to the existence of a provision in the Local Government Code which provides restrictions on how the share of local government units will be spent.

Section 294 of the Local Government Code expressly limits the use of the share of the proceeds derived from the development and utilization of sources of energy to the reduction of the cost of electricity in the area where such a source is located. If the number of population is considered, the application of the proceeds to lower the cost of electricity will be negligible, particularly in densely populated area, but the amount may be sufficient to finance the electrification of other areas within the province where the source of energy is located.

The local government units are supposed to be in a better position to determine the needs of their constituents and what is best for them. However, local government units are severely restrained to exercise their best option due to the existence of the aforementioned provision in the Code which dictated upon them what to do with their own money. This system runs counter to the attainment of local autonomy. A curative legislation therefore that will allow local

government units to use the share of the proceeds derived from the development and utilization of various sources of energy as intended in this bill is highly recommended.


This is a Senate counterpart bill to one filed in the House of Representatives by Rep. Emilio C. Macias II.

  
MIRIAM DEFENSOR SANTIAGO

FOURTEENTH CONGRESS OF THE REPUBLIC )  
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SENATE  
S. No. 2226

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1 AN ACT  
2 AUTHORIZING LOCAL GOVERNMENT UNITS TO APPLY THE SHARE  
3 OF THE PROCEEDS DERIVED FROM THE DEVELOPMENT AND UTILIZATION OF  
4 HYDROTHERMAL, GEOTHERMAL, AND OTHER SOURCES OF ENERGY FOR  
5 ELECTRIFICATION OF OTHER AREAS WITHIN THE PROVINCE  
6 WHERE THE SOURCE OF ENERGY IS LOCATED AMENDING FOR THE PURPOSE  
7 SECTION 294 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS  
8 THE LOCAL GOVERNMENT CODE OF 1991

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

11 SECTION 1. Section 294 of Republic Act No. 7160, otherwise known as the Local  
12 Government Code of 1991, is hereby amended to read as follows:

13 "SECTION 294. *Development and Livelihood Projects.* - The proceeds  
14 from the share shall be appropriated by their respective sanggunian to finance  
15 local development and livelihood projects: Provided, however, that at least  
16 eighty percent (80%) of the proceeds derived from the development and  
17 utilization of hydrothermal, geothermal and other sources of energy shall be  
18 applied [solely] FOR ELECTRIFICATION OF OTHER AREAS WITHIN THE  
19 PROVINCE OR to lower the cost of electricity in the local government unit  
20 where such a source of energy is located."

21 SECTION 2. This Act shall take effect fifteen (15) days after its publication in at least  
22 two (2) newspapers of general circulation.

23 Approved,