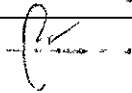


SENATE
S. No. 1479

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.¹

ocr *Miriam Defensor Santiago*
MIRIAM DEFENSOR SANTIAGO

¹ This bill was filed during the 14th Congress 1st Regular Session

10 JUL 15 P2:36

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

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

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

6 SEC. 212. *Preparation of Schedule of Fair Market Values.* -

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

15 THE REGIONAL TECHNICAL VALUATION COMMITTEE SHALL
16 BE COMPOSED OF THE PROVINCIAL, CITY AND MUNICIPAL
17 ASSESSORS OF MUNICIPALITIES WITHIN THE METROPOLITAN
18 MANILA ARBA, AND ONE REPRESENTATIVE EACH FROM THE
19 BUREAU OF LOCAL GOVERNMENT FINANCE (BLGF), THE BUREAU OF
20 INTERNAL REVENUE (BIR), AND THE PRIVATE SECTOR. THE
21 REPRESENTATIVE FROM THE PRIVATE SECTOR MUST BE DIRECTLY
22 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
4 [provincial, city or municipal assessor] REGIONAL TECHNICAL VALUATION
5 COMMITTEE may recommend to the [sanggunian] SECRETARY OF
6 FINANCE concerned amendments to correct errors in valuation of the schedule
7 of fair market values. The [sanggunian] SECRETARY concerned shall, [by
8 ordinance.] act upon the recommendation within ninety (90) days from receipt
9 thereof.

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

 Approved,