

FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
Second Regular Session



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SENATE
S.B. No. 2996

RECEIVED BY: 

Introduced by Senator Ramon Bong Revilla, Jr.

EXPLANATORY NOTE

The Constitution, Article II, Section 25 states: "The State shall ensure the autonomy of local governments." Further, Article X, Section 6 mandates: "Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them."

The Internal revenue Allotment (IRA) of local governments has been the lifeblood of many of the local government units (LGUs) as far as operations at the local level is concerned. This proposed measure seeks to enhance and effectively increase the share of the local governments in the national taxes so as to support the needs of the LGUs.

This bill seeks to amend Sections 284, 286, 290 and 291 of the Local Government Code of 1991 by increasing to fifty percent (50%) the share of local government units (LGUs) in the national taxes and to release to each local government unit, specifically directly to the provincial, city, municipal or barangay treasurer, as the case may be, the said increase without need of any further action, on a monthly or quarterly basis within five (5) days after the end of each month or quarter. This share shall not be subject to any lien or holdback that may be imposed by the national government.

The proposed 50% share of the local governments units from the use of national wealth, and from any government agency or -owned and -controlled corporation shall be remitted to the LGUs within ten (10) days after the end of every quarter during the current fiscal year.

Certainly, increasing the local governments' share to national taxes will certainly augment their needed income to support the growing demands of local development.

This measure is consistent with the promotion and enhancement of local financial autonomy of LGUs in order that they can enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities

In view of the foregoing reasons, the approval of this bill is earnestly sought.


RAMON BONG REVILLA, JR.

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**AN ACT AMENDING SECTIONS 284, 286, 290 AND 291 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:*

SECTION 1. Section 284 of RA 7160 is hereby amended and shall read as follows:

Section 284. [Allotment] **SHARE** of [Internal Revenue] **NATIONAL** taxes. **UPON APPROVAL OF THIS CODE, AS AMENDED**, [L] local government units [shall have a] **ARE ENTITLED TO A FIFTY PERCENT (50%)** share [in the] **OF** national [internal revenue] taxes based on the collection of the third fiscal year preceding the current fiscal year. [as follows:]

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

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

(c) On the third year and thereafter, forty percent (40%). *Provided*, That in the event that the national government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of Secretary of Finance, Secretary of Interior and Local Government and Secretary of Budget and Management, and subject to consultation with the presiding officers of both Houses of Congress and the presidents of the liga, to make the necessary adjustments in the internal revenue allotment of local government units but in no case shall the allotment be less than thirty percent (30%) of the collection of national internal revenue taxes of the third fiscal year preceding the current fiscal year: *Provided, further* That in the first year of the effectivity of this Code, the local government units shall, in addition to the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services.]

SECTION 2. Section 286 of RA 7160 is hereby amended and shall read as follows:

Section 286. Automatic Release of Shares. - (a) The share of each local government unit **IS CONSIDERED OBLIGATED AND IT** shall be released, without need of any further action, directly to the provincial, city, municipal or barangay treasurer, as the case may be, on a **MONTHLY OR** quarterly basis within five (5) days after the end of each **MONTH OR** quarter, [and which]

(B) SAID SHARE shall not be subject to any lien or holdback that may be imposed by the (national) **CENTRAL** government for whatever purpose.

[(b)] **(C)** Nothing in this Chapter shall be understood to diminish the share of local government units under existing laws.

Section 3. Section 290 of RA 7160 is hereby amended and shall read as follows:

Section 290. Amount of Share of Local Government Units. - Local government units shall, in addition to the internal revenue allotment, have a share of [forty percent (40%)] **FIFTY PERCENT (50%)** of the gross collection derived by the national government [from] **IN** the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction. **PROVIDED, THAT THE SHARES OF THE LOCAL GOVERNMENT UNITS CONCERNED SHALL BE REMITTED WITHIN TEN (10) DAYS AFTER THE END OF EVERY QUARTER DURING THE CURRENT FISCAL YEAR; THERE SHALL BE A COMMITTEE COMPOSED OF THE REPRESENTATIVES OF THE TAX PAYERS, THE DEPARTMENT OF FINANCE, THE DEPARTMENT OF BUDGET AND MANAGEMENT, AND THE LOCAL GOVERNMENT UNIT CONCERNED TASKED TO FORMULATE THE NECESSARY PROCEDURE FOR THE EFFECTIVE IMPLEMENTATION OF THIS PROVISION, AND WHICH SHALL SUBMIT ITS REPORT TO THE COMMITTEE ON LOCAL GOVERNMENT OF BOTH HOUSES OF CONGRESS.**

SECTION 4. Section 291 of RA 7160 is hereby amended and shall read as follows:

Section 291. Share of the Local Governments from any Government Agency or -Owned and -Controlled Corporation. - Local government units shall have a share based on the preceding fiscal year from the proceeds derived by any government agency or government-owned or -controlled corporation engaged in the utilization and development of the national wealth based on the following formula whichever will produce a higher share for the local government unit:

- a. One percent (1%)] of the gross sales or receipts of the preceding calendar year; or

- b. [Forty percent (40%)] **FIFTY PERCENT (50%)** of the mining taxes, royalties, forestry and fishery charges and such other taxes, fees or charges, including related surcharges, interests, or fines the government agency or government - owned or -controlled corporation would have paid if it were not otherwise exempt.

PROVIDED THAT, THE SHARES OF THE LOCAL GOVERNMENT UNITS CONCERNED SHALL BE REMITTED TO THEM WITHIN TEN (10) DAYS AFTER THE END OF EVERY QUARTER DURING THE CURRENT FISCAL YEAR.

THE COMMITTEE CREATED HEREIN SHALL IMPLEMENT THE PROVISIONS OF THIS ACT.

SECTION 5. *Repealing Clause.* - All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SECTION 6. *Separability Clause.* - If any provision of this Act is held invalid or unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

SECTION 7. *Effectivity Clause.* - This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,