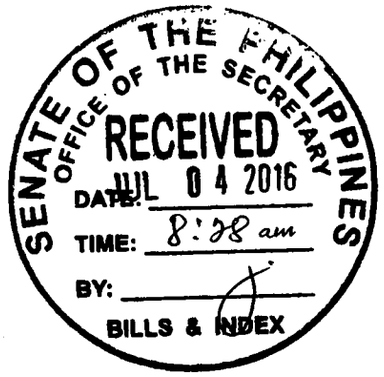
SEVENTEENTH CONGRESS OF THE REPUBLIC }
OF THE PHILIPPINES }
First Regular Session }



SENATE
Senate Bill No. 233

Introduced by **SENATOR LACSON**

EXPLANATORY NOTE

The primordial reason for converting a municipality or cluster of barangays into a city is to ensure its economic viability (*Latasa v Commission on Elections*, G.R. No. 154829, December 10, 2003). As a general rule, the creation of a local government unit or its conversion from one level to another shall be based on verifiable indicators or viability and projected capacity to provide services, specifically income, population and land area (Section 7, R.A. No. 7160, Local Government Code of 1991).

Among the three, the income requirement is undeniably the most controlling and defining factor. In recognition of such fact, the Code sets forth that the income must be sufficient, based on acceptable standards, to provide for all essential facilities, services and special functions commensurate with the size of its population, as expected of the local government unit concerned (Section 7(a), *supra*).

With regard to the population requirement, the Code merely provides that population shall be determined as the total number of inhabitants, within the territorial jurisdiction of the local government unit concerned (Section 7(b), *supra*).

And lastly, with regard to the land area, the Code merely requires that the same be contiguous; properly identified by metes and bounds; and more importantly, must be sufficient to provide for such basic services and facilities to meet the requirements of its populace (Section 7(c), *supra*).

As our law stands today, before a municipality or cluster of barangays could be converted into a component city, it must have an annual income of at least One Hundred Million Pesos (P100,000,000.00) and a territory of at least one hundred (100) square kilometers, or a population of not less than one hundred fifty thousand (150,000) (Sec. 450, R.A. No. 7160, Local Government Code, as amended by R.A. 9009).

However, there are some municipalities, which despite their small land area or population have demonstrated their capacities to provide essential government facilities and social services to their inhabitants that are comparable and even above par with existing cities.

Living in a city has its corresponding economic advantage. Thus, it would be utterly unfair to the inhabitants of municipalities to foreclose their rights to the benefits of cityhood because the municipalities they live in have land areas and

population less than one hundred (100) square kilometers and one hundred fifty thousand (150,000), respectively.

While there is no concrete rule to determine the optimum populace or land area for a city, applying the principles of political law for creation of a sovereign state, the population must be numerous enough and able to procreate in order to ensure perpetuation of the political entity. In the same way, its land area must be large enough to sufficiently provide for its people.

Noteworthy are the small states, specifically: *Monaco*, a tiny state along the French Riviera which has an area of just 0.7 square mile (1.81 sq. km.) and a population of just 32,000; the island state of *Nauru*, which became independent in 1968, and has an area of just 8.5 square miles (22 sq. km.) and a population of just 13,000; *Tuvalu*, formerly known as Ellice Islands, which gained its independence in 1978, and has an area of just 9 square miles (23.3 sq. km.) and a population of 12,000; *San Marino,* located at Mt. Titano in north central, which has land area of 24 square miles (61 sq. km.) and an estimated population of 32,000; and, Italy, which has an area of just 24 square miles (62.13 sq. km.) and a population of just 29,000.

If the above political entities have attained their status as independent states despite their small populations and land areas, municipalities which have time and again demonstrated their capacities to thrive despite their small population and land area must be allowed to upgrade their status to that of a city.

For purposes of this Bill, the general rule remains that for creation of, or conversion into a city, a municipality must have an income of at least One Hundred Million Pesos (P100,000,000.00) *and* a land area of at least One Hundred (100) square kilometers or a population of at least One Hundred Fifty Thousand (150,000). However, this Bill provides that a municipality may be converted to a city provided that it generates a local income of Two Hundred Fifty Million Pesos (P250,000,000.00) without regard to its land area or population.

In view hereof, support and approval of this measure is earnestly sought.

PANFILO M. LACSON
Senator

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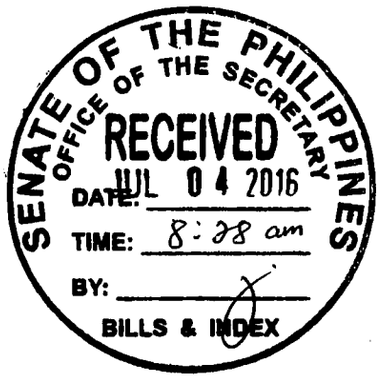

SENATE
Senate Bill No. 233

Introduced by **SENATOR LACSON**

AN ACT
EXEMPTING FROM THE POPULATION AND THE LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

SECTION 1. Section 450 of Republic Act No. 7160 as amended, otherwise known as the Local Government Code of 1991, as amended by Republic Act No. 9009, is hereby further amended to read as follows:

"SEC. 450. Requisites for Creation – (a) A municipality or a cluster of barangays may be converted into a component city if it has a locally generated average annual income, as certified by the Department of Finance, of at least one hundred million pesos (P100,000,000.00) for the last two (2) consecutive years based on 2012 constant prices, provided, that:

(i) a contiguous territory of at least one hundred (100) square kilometers, as certified by the Lands Management Bureau; or
(ii) a population of not less than one hundred fifty thousand (150,000) inhabitants, as certified by the National Statistics Office.

"PROVIDED, THAT, THE REQUIREMENT ON POPULATION AND ON LAND AREA PRESCRIBED HEREIN SHALL NOT APPLY IF A MUNICIPALITY OR A CLUSTER OF BARANGAYS HAS A LOCALLY GENERATED AVERAGE

ANNUAL INCOME, AS CERTIFIED BY THE DEPARTMENT OF FINANCE, OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00) FOR THE LAST TWO (2) CONSECUTIVE YEARS BASED ON 2012 CONSTANT PRICES AND HAS EITHER THE POPULATION OR LAND AREA REQUIREMENT PRESCRIBED FOR THE CREATION OF A MUNICIPALITY UNDER SECTION 442 OF THIS CODE. PROVIDED, FURTHER, THAT THREE (3) YEARS AFTER THE EFFECTIVITY OF THIS ACT AND EVERY THREE (3) YEARS THEREAFTER, THE THRESHOLD AMOUNT OF TWO HUNDRED FIFTY MILLION PESOS (P 250, 000, 000.00) SHALL BE INCREASED BY FIVE PERCENT (5%).

The creation thereof shall not reduce the land area, population, and income of the original unit or units at the time of said creation to less than the minimum requirements prescribed herein;

(b) The territorial jurisdiction of a newly-created city shall be properly identified by metes and bounds. The requirement on land area shall not apply where the city proposed to be created is composed of one (1) or more islands. The territory need not be contiguous if it comprises two (2) or more islands; and,

(c) The average annual income shall include the income accruing to the general fund, exclusive of specific funds, transfers, and non-recurring income."

SECTION 2. If any provision of this Act shall be declared invalid or unconstitutional, the remaining part or provisions not otherwise affected shall remain in force.

SECTION 3. Any law, decreed, ordinance, administrative circulars not consistent with any provision of this Act is hereby amended, repealed or modified accordingly.

SECTION 4. This Act shall take effect fifteen (15) days after its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,