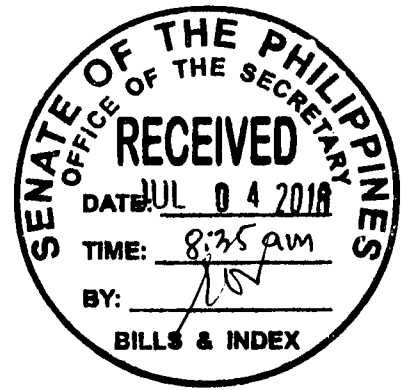


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE

S. B. No. 241



Introduced by **SENATOR GREGORIO B. HONASAN II**

AN ACT

PROVIDING FOR THE DIRECT REMITTANCE TO THE HOST LOCAL GOVERNMENT UNIT OF ITS FORTY PERCENT (40%) SHARE OF THE GROSS COLLECTION DERIVED BY THE NATIONAL GOVERNMENT FROM NATIONAL WEALTH TAXES, AMENDING FOR THE PURPOSE SECTION 293 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

EXPLANATORY NOTE

Section 7, Article X of the 1987 Constitution provides that *“Local governments shall be entitled to an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas, in the manner provided by law, including sharing the same with the inhabitants by way of direct benefits.”*

The enactment of the Local Government Code (LGC) of 1991 with its concept of local autonomy has empowered each local government unit (LGU) to chart its own destiny. Such empowerment carries with it enormous responsibilities especially on the devolved functions of agriculture, health care, social services and environmental management.

In pursuit of a true local autonomy, the LGC of 1991, in accordance with the Constitution, endeavors to ensure the fiscal autonomy of LGUs by allocating to them, in addition to their revenue generating powers, just shares in the Internal Revenue collections and in the proceeds of the utilization and development of the national wealth within their respective jurisdictions. These equitable shares are designed to correct the imbalance in revenue-raising capacities and expenditure needs of the governing provinces, cities, municipalities and barangays. However, although Sections 286 and 293 of the LGC of 1991 mandate that the share of the LGUs in the proceeds of the utilization and development of the national wealth be released to the concerned LGUs within five (5) days after the end of each quarter, LGUs are complaining that under the present system, the National Government either fails to remit or fully remit the said share to the host LGUs, or takes a long time before the LGUs receive the said share. This difficult situation is prejudicial to the efforts of LGUs to effectively program their priorities and deliver basic services to their constituents.

This bill proposes the amendment of Section 293 of the LGC of 1991 by mandating any person, natural or juridical, including government agency or government-owned or -controlled corporation engaged in the utilization and development of the national wealth to directly remit to the host government unit its forty percent (40%) share from national wealth taxes under Sections 290 and 291 of the LGC of 1991. This system will ensure direct, prompt and full receipt of the LGUs' just share in the proceeds of the utilization and development of the national wealth, thereby strengthening further the autonomy of the LGUs.

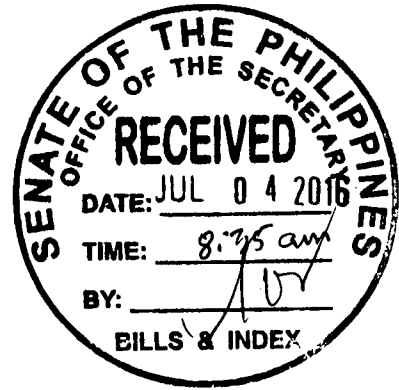
Thus, the early passage of this bill is earnestly requested.


GREGORIO B. HONASAN II

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

1 SECTION 1. Section 293 of Republic Act No. 7160, otherwise known as the "Local
2 Government Code of 1991", is hereby amended to read as follows:

3 "Section 293. Remittance of the Share of Local Government Units. - The
4 share of local government units from the utilization and development of national
5 wealth shall be **remitted** in accordance with Section 286 of this Code: *Provided,*
6 however, That **ANY PERSON, NATURAL OR JURIDICAL, INCLUDING**
7 [in the case of any] government agency or government-owned or controlled
8 corporation engaged in the utilization and development of the national wealth,
9 [such share] shall [be] directly remit[ted] to the provincial, city, municipal or
10 barangay treasurer, **AS THE CASE MAY BE, OF THE HOST LOCAL**
11 **GOVERNMENT UNIT concerned ITS FORTY PERCENT (40%) SHARE**
12 **DERIVED FROM NATIONAL WEALTH TAXES UNDER SECTION 290**
13 **OF THIS CODE AND THE REMAINING SIXTY PERCENT (60%) TO THE**
14 **NATIONAL GOVERNMENT** [within five (5) days after the end of each
15 quarter]."

16 SEC. 2. Repealing Clause. - All laws, decrees, executive orders, rules and regulations, or
17 parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified
18 accordingly.

19 SEC. 3. Effectivity Clause. - This Act shall take effect fifteen (15) days following its
20 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

21 *Approved,*