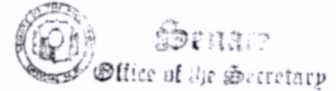
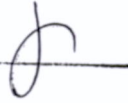


SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
Second Regular Session )



'18 APR 26 P 3:42

SENATE  
S.B. No. 1789

RECEIVED BY: 

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Introduced by Senator SONNY ANGARA

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AN ACT  
TO ENHANCE THE USE OF NATIONAL WEALTH FOR LOCAL DEVELOPMENT BY  
AMENDING CERTAIN PROVISIONS IN BOOK II OF REPUBLIC ACT 7160,  
OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

EXPLANATORY NOTE

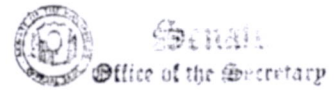
Republic Act 7160—otherwise known as the Local Government Code—provides that Local Government Units (LGUs) must have a share in the proceeds from the development and utilization of national wealth located in its boundaries (Sec. 289). This share is forty percent (40%) of “gross collections, derived by the national government from the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges including related surcharges or fines” (Sec. 290). The proceeds from these collections shall be used to finance local development and livelihood project except where the proceeds are from energy sources such as hydrothermal and geothermal where their use is restricted to lowering the cost of electricity in the community (Sec. 294).

This restriction has not only limited the efficient use of the resource but may have led to non-priority projects aimed at lowering the cost of electricity if only to utilize the funds. It is therefore recommended that this restriction on the use of proceeds from the development and utilization of energy sources be removed to allow the LGUs to apply the funds to more critical projects, program activities identified and prioritized in their medium-term investment program and annual investment program.

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

  
SONNY ANGARA

SEVENTEENTH CONGRESS OF THE )  
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AN ACT  
TO ENHANCE THE USE OF NATIONAL WEALTH FOR LOCAL DEVELOPMENT  
BY AMENDING CERTAIN PROVISIONS IN BOOK II OF REPUBLIC ACT 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:*

1       **SECTION 1.** Section 294 of Republic Act No. 7160, otherwise known as the  
2 Local Government Code of 1991, hereinafter referred to as the "Code", is hereby  
3 amended to read as follows:

4       "**SEC. 294. *Development and Livelihood Projects.*** – The proceeds from the  
5 share of local government units pursuant to this chapter shall be appropriated  
6 by their respective sanggunian to finance local government and livelihood  
7 projects **IN THE APPROVED LOCAL DEVELOPMENT INVESTMENT**  
8 **PROGRAM AND ANNUAL INVESTMENT PROGRAM**[: Provided, however,  
9 That at least eighty percent (80%) of the proceeds derived from the  
10 development and utilization of hydrothermal, geothermal, and other sources of  
11 energy shall be applied solely to lower the cost of electricity in the local  
12 government unit where such a source of energy is located]."

13       **SEC. 2. *Repealing Clause.*** – All general and special laws, acts, city charters,  
14 decrees, executive orders, proclamations and administrative regulations, or part or

1 parts thereof which are inconsistent with any of the provisions of this Act are hereby  
2 repealed or modified accordingly.

3 **SEC. 3. Separability Clause.** – If, for any reason or reasons, any part of  
4 provision of this Act shall be held unconstitutional or invalid, other parts or provisions  
5 hereof which not affected thereby shall continue to be in full force and effect.

6 **SEC. 4. Effectivity Clause.** – This Act shall take effect fifteen (15) days after its  
7 publication in the *Official Gazette* or in a newspaper of general circulation.

*Approved,*