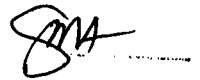


SENATE



S.B. No. 1842

(In Substitution of S.B. Nos. 233 and 643, taking into consideration H.B. No. 4149)

Prepared and submitted by the Committee on Local Government and Finance, with Senators Lacson, Trillanes and Angara as authors.

AN ACT

AMENDING SECTION 450 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991, AS AMENDED BY REPUBLIC ACT NO. 9009, BY EXEMPTING FROM THE POPULATION AND LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000)

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

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

4 "Sec. 450. *Requisites for Creation.* – (a) A municipality or a cluster
5 of barangays may be converted into a component city if it has a locally
6 generated average annual income, as certified by the Department of
7 Finance, of at least one hundred million pesos (P100,000,000.00) for
8 the last two (2) consecutive years based on 2000 constant prices, and
9 if it has either of the following requisites:

10 (i) a contiguous territory of at least one hundred (100) square
11 kilometers, as certified by the Land Management Bureau; or

1 (ii) a population of not less than one hundred fifty thousand
2 (150,000) inhabitants, as certified by the [National Statistics
3 Office] PHILIPPINE STATISTICS AUTHORITY.

4 **PROVIDED, THAT, THE REQUIREMENTS FOR LAND AREA**
5 **AND POPULATION PRESCRIBED HEREIN SHALL NOT APPLY IF**
6 **THE MUNICIPALITY OR A CLUSTER OF BARANGAYS HAS A**
7 **LOCALLY GENERATED AVERAGE ANNUAL INCOME, AS**
8 **CERTIFIED BY THE DEPARTMENT OF FINANCE, OF AT LEAST**
9 **TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00) FOR**
10 **THE LAST TWO (2) CONSECUTIVE YEARS BASED ON 2012**
11 **CONSTANT PRICES; PROVIDED, THAT THREE (3) YEARS AFTER**
12 **THE EFFECTIVITY OF THIS ACT AND EVERY THREE (3) YEARS**
13 **THEREAFTER, THE THRESHOLD AMOUNT OF TWO HUNDRED**
14 **FIFTY MILLION PESOS (P250,000,000.00) SHALL BE INCREASED**
15 **BY FIVE PERCENT (5%).**

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

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

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

27 **SEC. 2. Implementing Rules and Regulations.** – The Department of Interior
28 and Local Government, the Department of Finance, and the Department of Budget

1 and Management, shall issue the Implementing Rules and Regulations within ninety
2 (90) days from the effectivity of this Act.

3 **SEC. 3. Repealing Clause.** – All laws, decrees, orders, rules and regulations,
4 and other issuances or parts thereof, which are inconsistent with this Act, are hereby
5 repealed or modified accordingly.

6 **SEC. 4. Separability Clause.** – If, for any reason, a provision is declared invalid,
7 other provisions not affected thereby shall remain in full force and effect.

8 **SEC. 5. Effectivity Clause.** – This Act shall take effect fifteen (15) days following
9 its complete publication in the *Official Gazette* or in at least two (2) national
10 newspapers of general circulation.

Approved.