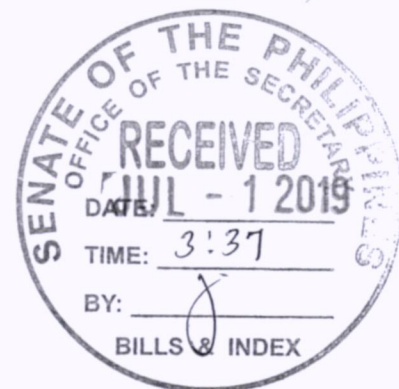


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

SENATE
S. No. 97



Introduced by Senator Aquilino “Koko” Pimentel III

**AN ACT PROVIDING FOR THE SHARE IN THE NATIONAL
TAXES OF LOCAL GOVERNMENT UNITS, AMENDING FOR
THIS PURPOSE REPUBLIC ACT
NO. 7160, OTHERWISE KNOWN AS THE LOCAL
GOVERNMENT CODE OF 1991**

EXPLANATORY NOTE

Article X, Section 6 of the 1987 Constitution provides that “Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.”

Section 284, Title III, Chapter I of the Local Government Code of 1991 declares that the local government units (LGUs) shall have a share in the “national internal revenue taxes.”

This bill, which I refer to as the “Bigger Pie, Bigger Slice” Bill expands the source of funds for LGUs by changing “national internal revenue taxes” to “national taxes”, which is still, if not more, compliant with the above constitutional mandate.

As frontliners in the delivery of government services, LGUs have been given numerous mandates but, most of the time, the resources to fulfill these mandates have been overlooked and have not been coming to the LGUs.

This bill seeks to give LGUs more resources to make them fulfill their role as frontliners to their respective constituents.

This bill achieves this by including in the “pie” all the collections of the Bureau of Customs.

Not only does this bill seek to increase the source of funds given to LGUs under the above-quoted constitutional mandate, but it also increases the share of, or slice for LGUs in the bigger pie, from the present 40% to the proposed 50% share.

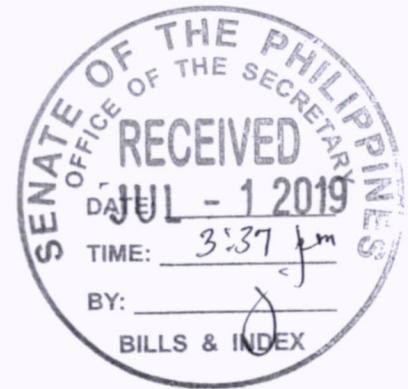
Aside from giving more resources to LGUs, another collateral result of this bill is that it converts the fight against smuggling into a grassroots concern because the LGUs will now be more sensitive that matters concerning smuggling succeed. The BOCs collection will increase and which, in turn, will also increase the LGUs’ share in the national taxes.

I foresee faster development and progress in the countryside with the enactment of this bill, as barangays are also beneficiaries of this bill.

Hence, it is requested that this measure be enacted as soon as possible for the benefit of all.


AQUILINO “KOKO” PIMENTEL III

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



SENATE
S. No. 97

Introduced by Senator Aquilino “Koko” Pimentel III

**AN ACT PROVIDING FOR THE SHARE IN THE NATIONAL
TAXES OF LOCAL GOVERNMENT UNITS, AMENDING
FOR THIS PURPOSE 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:*

1 **SECTION 1.** *Increased Share of LGUs in the National Taxes.* –
2 Beginning the fiscal year following the effectivity of this Act, local
3 government units shall have a fifty percent (50%) share in the national
4 taxes (“SNT”) based on the collection of the third fiscal year preceding
5 the current fiscal year; *Provided, That* in the event that the national
6 government incurs an unmanageable public sector deficit, the President
7 of the Philippines is hereby authorized, upon the recommendation of
8 Secretary of Finance, Secretary of the Interior and Local Government, and
9 Secretary of Budget and Management, and subject to consultation with
10 the presiding officers of both Houses of Congress and the presidents of
11 the various leagues of the local government units, to make necessary
12 adjustments in the share in the national taxes of local government units
13 but in no case shall the share be less than forty percent (40%) of the
14 collection of national taxes of the third fiscal year preceding the current
15 fiscal year.

1 **SEC. 2. Allocation of LGU Shares.** – The share in the national taxes
2 created under this Act of each local government until shall be determined
3 following the formula prescribed under Section 285 of Republic Act No.
4 7160.

5
6 **SEC. 3. Funding for Development Projects.** – Each local
7 government unit shall appropriate in its annual budget no less than twenty
8 percent (20%) of its share in the national taxes for development projects.
9 Copies of the development plans of local government units shall be
10 furnished the Department of Interior and Local Government.

11
12 **SEC. 4. Rules and Regulations.** – The Secretary of Finance, in
13 consultation with the Secretary of Budget and Management, shall
14 promulgate within ninety (90) days from approval of this Act, the
15 necessary rules and regulations for a simplified disbursement scheme
16 designed for the speedy and effective enforcement of the provisions of
17 this Act.

18
19 **SEC. 5. Separability Clause.** – If any provision of this Act is
20 declared invalid or unconstitutional, the other provisions not affected by
21 such declaration shall remain in full force and effect.

22
23 **SEC. 6. Repealing Clause.** - Section 284 under Chapter I, Title III
24 of Republic Act No. 7160, and all laws, executive and administrative
25 orders, rules and regulations inconsistent with the foregoing provisions
26 are hereby repealed or modified accordingly.

27
28 **SEC.7. Effectivity.** – This Act shall take effect fifteen (15) days after
29 its publication in the Official Gazette or in a newspaper of general
30 circulation.

31
Approved,