



**SENATE**  
**S. B. No. 819**

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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 NO.**  
**7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991"**

EXPLANATORY NOTE

Republic Act No. 7160, otherwise known as the Local Government Code of 1991, 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**



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*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  
6 appropriated by their respective sanggunian to finance local government  
7 and livelihood projects **IN THE APPROVED LOCAL DEVELOPMENT**  
8 **INVESTMENT PROGRAM AND ANNUAL INVESTMENT PROGRAM:**  
9 *Provided, however,* That [~~at least eighty percent (80%) of the proceeds~~  
10 ~~derived from the development and utilization of hydrothermal,~~  
11 ~~geothermal, and other sources of energy shall be applied solely to lower~~  
12 ~~the cost of electricity in the local government unit where such a source of~~  
13 ~~energy is located] **THE PROCEEDS, OR A PORTION THEREOF**  
14 **DERIVED FROM THE DEVELOPMENT AND UTILIZATION OF**  
15 **HYDROTHERMAL, GEOTHERMAL, AND OTHER SOURCES OF**  
16 **ENERGY MAY BE APPLIED, AT THE OPTION OF THE LOCAL**  
17 **GOVERNMENT UNIT, TO LOWER THE COST OF ELECTRICITY IN**~~

1           **THE LOCAL GOVERNMENT UNIT WHERE SUCH SOURCE OF**  
2           **ENERGY IS LOCATED."**

3           *Sec. 2. Use of Unutilized Shares.* – The concerned local government units are  
4 hereby authorized to use the proceeds previously derived from the development and  
5 utilization of hydrothermal, geothermal, and other sources of energy which remain  
6 unutilized, in accordance with their approved local development investment program  
7 and annual investment program.

8           *Sec. 3. Repealing Clause.* – All general and special laws, acts, city charters,  
9 executive orders, presidential proclamations, issuances, rules and regulations, or  
10 parts thereof which are contrary to or inconsistent with any of the provisions of this  
11 Act are hereby repealed, amended, or modified accordingly.

12           *Sec. 4. Separability Clause.* – If any portion or provision of this Act is  
13 subsequently declared invalid or unconstitutional, other provisions hereof which are  
14 not affected thereby shall remain in full force and effect.

15           *Sec. 5. Effectivity Clause.* – This Act shall take effect fifteen (15) days after its  
16 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,