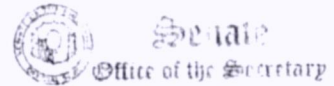


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
S. B. No. 842

'19 JUL 31 P 4 :06

Introduced by Senator SONNY ANGARA

RECEIVED BY:

AN ACT
TO REDUCE THE COST OF DOING BUSINESS IN LOCAL GOVERNMENT
UNITS BY AMENDING CERTAIN PROVISIONS IN BOOK II OF REPUBLIC
ACT NO. 7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE
OF 1991"

EXPLANATORY NOTE

One of the key objectives of the Local Government Code (Republic Act 7160) was to provide LGUs greater means to create their own revenue sources. Over the years and in a number of local governments, the pursuit of this objective has been in conflict with attracting and maintaining private investment. Many private businesses complain that the fees imposed by LGUs have raised the cost of doing business, thereby reducing their profitability and their viability.

LGUs unlikely impose high fees and charges with the intent of taxing businesses out of existence. But in many cases, LGUs lack the guidance on how to fairly and efficiently determine what should be imposed (fee or charge).

With this in mind, this bill mandates the Department of Finance (DOF) thru the Bureau of Local Government Finance to be the principal agency in charge of providing clear guidelines in the setting of local fees and charges, which LGUs should then incorporate in their impositions. Such reform will raise LGU competitiveness and strike a healthy balance between revenue generation and private business promotion.

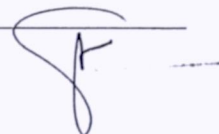
In view of the foregoing, approval of this bill is earnestly requested.

SONNY ANGARA

SENATE
S. B. No. 842

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AN ACT
TO REDUCE THE COST OF DOING BUSINESS IN LOCAL GOVERNMENT
UNITS BY AMENDING CERTAIN PROVISIONS IN BOOK II OF 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. Section 131 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. 131. *Definition of Terms.* – When used in this Title, the term:

5 (a) x x x

6 x x x

7 (g) [~~"Charges" refer to pecuniary liability, as rents or fees against~~
8 ~~persons or property~~] **"CHARGE" REFERS TO LIABILITY FOR**
9 **SERVICES RENDERED OR CONVENIENCES PROVIDED BY THE**
10 **LOCAL GOVERNMENT UNIT, THE AMOUNT OF WHICH SHOULD**
11 **BE COMMENSURATE TO SUCH SERVICES AND CAPITAL**
12 **RECOVERY WHICH ENSURES CONTINUED DELIVERY;**

13 (h) x x x

14 x x x

15 (l) "Fee" [~~means a charge fixed by law or ordinance for the regulation~~
16 ~~or inspection of a business or activity~~] **REFERS TO A LIABILITY**

1 ENVIRONMENT AND NATURAL RESOURCES, AND THE BUREAU
2 OF FISHERIES AND AQUATIC RESOURCES OF THE
3 DEPARTMENT OF AGRICULTURE, IN CONSULTATION WITH
4 THE LEAGUE OF MUNICIPALITIES OF THE PHILIPPINES, ON
5 THE SETTING OF LOCAL CHARGES TAKING INTO
6 CONSIDERATION THE COSTS OF SERVICES FOR THE
7 ENVIRONMENTAL MAINTENANCE AND SUSTAINABILITY OF
8 THE MUNICIPAL WATERS COVERED BY THE PRIVILEGE:

9 *Provided, however,* That duly registered organizations and
10 cooperatives of marginal fishermen shall have the preferential right to
11 such fishery privileges: *Provided, further,* That the Sangguniang Bayan
12 may require a public bidding in conformity with and pursuant to an
13 ordinance for the grant of such privileges: *Provided, finally,* That in the
14 absence of such organizations and cooperatives or their failure to
15 exercise their preferential right, other parties may participate in the
16 public bidding in conformity with the above cited procedure.

17 (2) Grant the privilege to gather, take or catch bangus fry, prawn fry or
18 kawag-kawag or fry of other species and fish from the municipal
19 waters by nets, traps or other fishing gears to marginal fishermen free
20 of any rental, fee, charge, or any other imposition whatsoever.

21 (3) Issue licenses for the operation of fishing vessels of three (3) tons
22 or less for which purpose the Sangguniang Bayan shall promulgate
23 rules and regulations regarding the issuances of such licenses to
24 qualified applicants under existing laws **AND LEVY FEES SUBJECT**
25 **TO GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**
26 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**
27 **IN CONSULTATION WITH THE LEAGUE OF MUNICIPALITIES**
28 **OF THE PHILIPPINES, ON THE SETTING OF LOCAL FEES**
29 **TAKING INTO CONSIDERATION THE RECOVERY OF**
30 **ADMINISTRATIVE COSTS:** *Provided, however,* That the
31 sangguniang concerned shall, by appropriate ordinance, penalize the
32 use of explosives, noxious or poisonous substances, electricity, muro-

1 ami, and other deleterious methods of fishing and prescribe a criminal
2 penalty therefor in accordance with the provisions of this Code:
3 *Provided, finally,* That the sanggunian concerned shall have the
4 authority to prosecute any violation of the provisions of applicable
5 fishery laws.

6 Sec. 4. Section 152 of the Code is hereby amended to read as follows:

7 "Sec. 152. *Scope of Taxing Powers.* – The barangays may levy taxes,
8 fees and charges, as provided in this Article, which shall exclusively
9 accrue to them:

10 (a) *Taxes* – On stores or retailers with fixed business establishments
11 with gross sales or receipts of the preceding calendar year of Fifty
12 thousand pesos (P50,000.00) or less, in the case of cities and Thirty
13 thousand pesos (P30,000.00) or less, in the case of municipalities, at a
14 rate not exceeding one percent (1%) on such gross sales or receipts.

15 (b) ~~[Service Fees or]~~ *Charges* – Barangays may collect reasonable
16 ~~[fees or]~~ charges for ~~[services rendered in connection with the~~
17 ~~regulation or]~~ the use of barangay-owned properties or service
18 facilities such as palay, copra or tobacco dryers **SUBJECT TO**
19 **GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**
20 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**
21 **IN CONSULTATION WITH THE LIGA NG MGA BARANGAYS SA**
22 **PILIPINAS, ON THE SETTING OF LOCAL CHARGES TAKING**
23 **INTO CONSIDERATION THE RECOVERY OF, MAINTENANCE**
24 **AND CAPITAL REPLACEMENT COSTS.**

25 (c) *Barangay Clearance* – No city or municipality may issue any license
26 or permit for any business or activity unless a clearance is first
27 obtained from the barangay where such business or activity is located
28 or conducted. For such clearance, the sanggunian barangay may
29 impose a reasonable fee **SUBJECT TO GUIDELINES TO BE**
30 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
31 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**
32 **THE LIGA NG MGA BARANGAY SA PILIPINAS, ON THE**

1 **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**
2 **RECOVERY OF ADMINISTRATIVE COSTS.** The application for
3 clearance shall be acted upon within seven (7) working days from the
4 filing thereof. In the event that the clearance is not issued within the
5 said period, the city or municipality may issue the said license or
6 permit.

7 (d) *Other fees* [~~and Charges~~] – **SUBJECT TO GUIDELINES TO BE**
8 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
9 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**
10 **THE LIGA NG MGA BARANGAY SA PILIPINAS, ON THE**
11 **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**
12 **RECOVERY OF ADMINISTRATIVE COSTS, [F] The barangay may**
13 levy reasonable fees [~~and charges~~]:

- 14 (1) On commercial breeding of fighting cocks, cockfights and
15 cockpits;
16 (2) On places of recreation which charge admission fees; and
17 (3) On billboards, signboards, neon signs, and outdoor
18 advertisements.”

19 Sec. 5. Section 153 of the Code is hereby amended to read as follows:

20 “Sec. 153. [~~Service~~] **OTHER Fees** [~~or~~] **AND Charges.** – Local
21 government units may impose and collect such reasonable fees and
22 charges for services rendered **SUBJECT TO GUIDELINES TO BE**
23 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
24 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**
25 **THE APPROPRIATE LEAGUE OF THE LOCAL GOVERNMENT**
26 **UNIT, ON THE SETTING OF LOCAL FEES AND CHARGES**
27 **TAKING INTO CONSIDERATION THE RECOVERY OF**
28 **ADMINISTRATIVE, CAPITAL, MAINTENANCE AND OTHER**
29 **SERVICE DELIVERY COSTS.”**

30 Sec. 6. Section 154 of the Code is hereby amended to read as follows:

31 “Sec. 154. *Public Utility Charges.* – Local government units may fix the
32 rates for the operation of public utilities owned, operated and

1 maintained by them within their jurisdiction **SUBJECT TO**
2 **GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**
3 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**
4 **IN CONSULTATION WITH THE APPROPRIATE LEAGUE OF THE**
5 **LOCAL GOVERNMENT UNIT, ON THE SETTING OF LOCAL**
6 **CHARGES TAKING INTO CONSIDERATION THE RECOVERY OF**
7 **CAPITAL, MAINTENANCE AND OTHER SERVICE DELIVERY**
8 **COSTS."**

9 Sec. 7. Section 155 of the Code is hereby amended to read as follows:

10 "Sec. 155 *Toll [~~Fees or~~] Charges.* – The sanggunian concerned may
11 prescribe the terms and conditions and [~~fix~~] **SET** the rates [~~for the~~
12 ~~imposition of toll fees or~~] **ON** charges **IMPOSED** for the use of any
13 public road, pier, or wharf, waterway, bridge, ferry or
14 telecommunication system funded and constructed by the local
15 government unit concerned **SUBJECT TO GUIDELINES TO BE**
16 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
17 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**
18 **THE APPROPRIATE LEAGUE OF THE LOCAL GOVERNMENT**
19 **UNIT, ON THE SETTING OF LOCAL CHARGES TAKING INTO**
20 **CONSIDERATION THE RECOVERY OF CAPITAL, MAINTENANCE**
21 **AND OTHER SERVICE DELIVERY COSTS:** *Provided,* That no such
22 toll [~~fees or~~] charges shall be collected from officers and enlisted men
23 of the Armed Forces of the Philippines and members of the Philippine
24 National Police on mission, post office personnel delivering mail,
25 physically-handicapped, and disabled citizens who are sixty-five (65)
26 years or older.

27 When public safety and welfare so requires, the sanggunian
28 concerned may discontinue the collection of the tolls, and thereafter
29 the said facility shall be free and open for public use."

30 Sec. 8. *Ordinances Imposing Fees and Charges.* – All existing ordinances on
31 the imposition of fees and charges of local government units shall continue to be in
32 force and effect after the effectivity of this Act: *Provided,* That within two (2) years

1 from the effectivity of this Act, the concerned local government unit shall enact an
2 ordinance in compliance with the guidelines to be issued pursuant to this Act.

3 Sec. 9. *Separability Clause.* – If any portion or provision of this Act is
4 subsequently declared invalid or unconstitutional, other provisions hereof which are
5 not affected thereby shall remain in full force and effect.

6 Sec. 10. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after
7 its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,