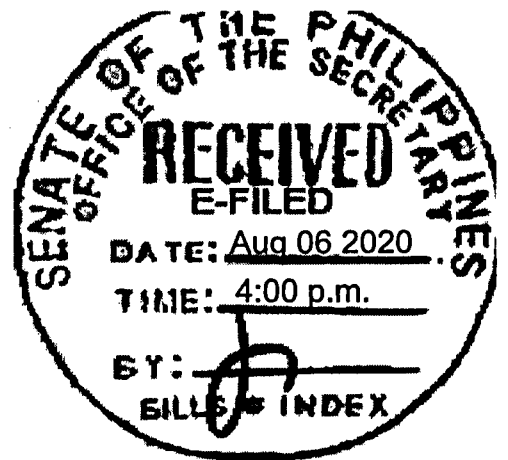


EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session* )



SENATE  
S. B. No. 1761

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Introduced by **SENATOR IMEE R. MARCOS**

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**AN ACT  
STRENGTHENING THE ROLE OF LOCAL GOVERNMENT UNITS DURING A  
STATE OF PUBLIC HEALTH EMERGENCY OR CALAMITY, AND FOR OTHER  
PURPOSES**

EXPLANATORY NOTE

Article II, Section 15 of the 1987 Constitution provides that *"the State shall protect and promote the right to health of the people and instill health consciousness among them."* Additionally, under Article XIII, Section 12 of the same Constitution, it is mandated that *"the State shall adopt an integrated and comprehensive approach to health development which shall endeavor to make essential goods, health and other social services available to all the people at affordable cost."*

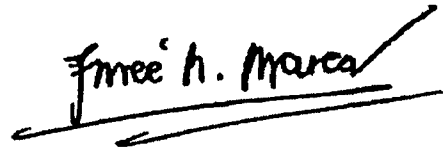
Under the present government structure, we adhere to a system of decentralization whereby local government units (LGUs) are given more powers, authority, responsibilities and resources to be able to respond more effectively and efficiently to the needs of its constituency. True enough, our LGUs are at the forefront of almost all the services being implemented by the national government.

The crucial role of the LGUs have been highlighted in the on-going battle of our country against the corona virus 2019 (COVID-19). In fact, the Government's Inter-Agency Task Force (IATF) in its Resolution 25 adopted a *"national government-enabled, local government unit-led, and people-centered response"* to COVID-19.

Even prior to this, many LGUs have already made initiatives in dealing with the onslaught of COVID-19 within their respective territorial jurisdictions. However, not all LGUs are equipped with enough resources, man power, and funds to address the needs of its constituents, especially in times of a public health emergency or calamity. The task at hand becomes even more burdensome because they are limited by the provisions of various laws, such as the imposition of caps on their spending, hiring, and borrowing capacity.

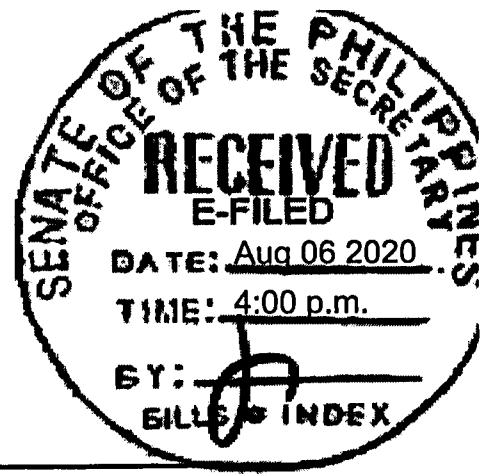
Thus, this bill seeks to further empower LGUs during a state of public health emergency or calamity by giving them wider latitude in the utilization of available yet earmarked funds, such as the development fund, special education fund, and gender and development fund; increasing their calamity fund, borrowing capacity as well the personal services cap; and the relaxation of the procurement process, among others.

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

A handwritten signature in black ink that reads "Imee R. Marcos". The signature is written in a cursive style and is positioned above two horizontal lines that serve as a signature line.

**IMEE R. MARCOS**

EIGHTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
*Second Regular Session* )



SENATE  
S. B. No. 1761

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT**  
**STRENGTHENING THE ROLE OF LOCAL GOVERNMENT UNITS DURING A**  
**STATE OF PUBLIC HEALTH EMERGENCY OR CALAMITY, AND FOR OTHER**  
**PURPOSES**

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

1           **Section 1. Short Title.** – This Act shall be known as the "*Bayanihan for LGUs*  
2 *Act.*"

3           **SEC. 2. Declaration of the Policy.** – It is hereby declared the policy of the State  
4 to protect its people and promote their health and well-being. Towards this end, it  
5 shall empower the local government units by giving them more access, additional  
6 powers and resources, and the flexibility to better provide services for the people  
7 especially during a state of public health emergency or calamity.

8           **SEC. 3. Coverage.** – This Act shall be applicable to the operations of Local  
9 Government Units (LGUs) during the entire period of a national or local public health  
10 emergency or calamity, as declared by the President or the local *Sanggunian*, as the  
11 case may be.

12           **SEC. 4. Realignment of Funds.** - LGUs shall be allowed to realign their  
13 respective local funds as a response to the public health emergency or calamity, upon  
14 the recommendation of their Local Chief Executives (LCE), and the subsequent  
15 approval of their local *Sanggunians*:

1 (a) *Development Fund.* – not less than 20% of the annual internal revenue  
2 allotment of an LGU, as provided under Section 287 of Republic Act No. 7160,  
3 otherwise known as the "*Local Government Code of 1991.*"

4 (b) *Gender and Development Fund.* – at least five percent (5%) of the agency's  
5 or the local government unit's total budget appropriations, as provided under Section  
6 36 (a) of Republic Act No. 9710, otherwise known as the "*Magna Carta of Women.*"

7 (c) *Sangguniang Kabataan Fund.* - ten percent (10%) of the general fund of the  
8 Barangay, as provided under Section 329 of Republic Act No. 7160, otherwise known  
9 as the "*Local Government Code of 1991.*"

10 (d) *Special Education Fund.* - proceeds of the additional one percent (1%) tax  
11 on real property accruing to the Special Education Fund (SEF), as provided under  
12 Section 272 of Republic Act No. 7160, otherwise known as the "*Local Government*  
13 *Code of 1991.*"

14 (e) Other local funds of the LGU, externally or internally generated, including  
15 its national tax allotment (NTA), as well as its special shares from the national wealth  
16 and special funds, whenever applicable.

17 **SEC. 5. Increase of Calamity Fund.** – LGUs shall be allowed to set aside not  
18 less than five percent (5%) of the estimated revenue from regular sources, as provided  
19 under Section 21 of Republic Act No. 10121, otherwise known as the "*Philippine*  
20 *Disaster Risk Reduction and Management Act of 2010*". *Provided, That,* should a  
21 particular LGU need additional funds to respond to an existing public health emergency  
22 or calamity, it may be allowed to increase its calamity fund, subject to its availability.

23 **SEC. 6. Increase of LGU Shares from the Philippine Charity Sweepstakes Office**  
24 *(PCSO).* – LGUs shall be assured of its rightful and due share as mandatory  
25 contributions from the thirty percent (30%) charity fund of the PCSO which will be  
26 computed based on its gross receipts, after deducting the printing cost of tickets which  
27 in no case shall exceed two percent (2%) of its gross receipts to arrive at the net  
28 receipts, whether from sweepstakes, races, lotteries, or other similar activities,  
29 pursuant to Republic Act No. 1169, as amended, otherwise known as the "*PCSO*  
30 *Charter*", in such manner:

1 (a) City/Municipality – Six and a half percent (6.5%);

2  
3 (b) Congressional District – One and sixty five percent (1.65%); and

4  
5 (c) Provincial Government - Six and a half percent (6.5%).

6  
7 *Provided, That,* in no case shall the documentary stamp tax (DST) be deducted  
8 from PCSO's thirty percent (30%) charity fund but shall rather be computed based on  
9 the printing cost of the tickets, pursuant to the definition of a documentary stamp tax  
10 under Republic Act No. 10963, otherwise known as the "*Tax Reform for Acceleration*  
11 *and Inclusion.*" *Provided, Further That,* the PCSO shall ensure the timely release of  
12 such funds to LGUs which shall be within ten (10) days after the end of each month,  
13 as provided und Republic Act No. 5185, otherwise known as the "*Decentralization Act*  
14 *of 1967.*"

15 **SEC. 7. *Personal Services Cap.*** – LGUs shall be allowed to increase their  
16 respective personal services cap of up to ten percent (10%); *Provided, That* these will  
17 be allotted for the hiring of individuals who shall serve as frontliners and who shall  
18 render services directly related to or dealing with the existing public health emergency  
19 or calamity.

20 **SEC. 8. *Relaxation of Borrowing Capacity.*** – LGUs shall be allowed from twenty  
21 percent (20%) up to forty percent (40%) of their regular income for debt servicing,  
22 pursuant to Section 324 (b) of Republic Act No. 7160, otherwise known as the "*Local*  
23 *Government Code of 1991*", and shall be exempt from the loan ceiling cap imposed by  
24 the Department of Finance (DOF) on LGUs.

25 **SEC. 9. *Loan Restructuring.*** - The Land Bank of the Philippines (LBP) and the  
26 Development Bank of the Philippines (DBP) shall provide a special loan facility for LGUs  
27 which shall include a lower interest rate than existing market rates, provide a longer  
28 grace period, payable for a longer period of time, and such other provisions less  
29 onerous for the borrowing LGU. The LBP and DBP shall likewise allow LGUs to  
30 restructure its existing loans without additional penalties and surcharges.

1           **SEC. 10. Release of Adjusted National Tax Allotment.** – The Bureau of Treasury  
2 (BTr) shall automatically release any adjusted or remaining NTA to the LGUs during a  
3 state of public health emergency or calamity on a quarterly basis pursuant to Section  
4 286 of Republic Act No. 7160, otherwise known as the "*Local Government Code of*  
5 *1991.*"

6           **SEC. 11. Relaxation of Procurement Requirements.** – The purchase of products  
7 and services directly related in addressing the existing public health emergency or  
8 calamity shall not be subject to the requirements of public bidding as provided under  
9 Republic Act No. 9184, otherwise known as the "*Government Procurement Reform*  
10 *Act.*"

11           **SEC. 12. Release of PhilHealth Funds.** – During a state of public health  
12 emergency or calamity, PhilHealth shall immediately release and/or reimburse the  
13 funds due to the district, provincial, and city hospitals, subject to minimum  
14 requirements to be identified in the Implementing Rules and Regulations.

15           **SEC. 13. Implementing Rules and Regulations.** – Within sixty (60) days from  
16 the effectivity of this Act, the DILG, in coordination with the Department of Budget and  
17 Management (DBM) and the Department of Finance (DOF), as well as other concerned  
18 government agencies, shall formulate the implementing rules and regulations of this  
19 Act.

20           **SEC. 14. Repealing Clause.** – All law, executive orders, rules, and regulations  
21 or any part thereof inconsistent herewith are deemed repealed or modified accordingly.

22           **SEC. 15. Separability Clause.** – If any part or provision of this Act shall be  
23 declared unconstitutional and invalid, such declaration shall not invalidate other parts  
24 thereof, which shall remain in full force and effect.

25           **SEC. 16. Effectivity.** – This Act shall take effect fifteen (15) days after its  
26 publication in the Official Gazette or in two (2) newspapers of general circulation.

*Approved,*