

14th Congress of the Republic)
of the Philippines)
1st Regular Session)

SENATE
OFFICE OF THE SECRETARY

7 JUN 30 P2:02

SENATE
SB 117

RECEIVED BY 

Introduced by Senator Aquilino Q. Pimentel, Jr.

Explanatory Note

Considering the relative proliferation of proposals to create local government units, the proposed amendments embodied in this bill provide for strict criteria for the creation and conversion of local government units.

Under this bill, a city seeking conversion into a highly urbanized city is required to have an average of at least 80% real property tax collection efficiency for the three years preceding the current calendar year, with the latest locally generated annual income of at least Two Hundred Fifty Million Pesos (P250,000,000.00) based on 1998 constant prices, as certified by the Department of Finance.

A province, on the other hand, may be created if it has a locally generated average annual income, as certified by the Department of Finance, of not less than Two Hundred Million Pesos (P200,000,000.00) based on 1998 constant prices, and an average real property tax collection efficiency, of at least, eighty percent (80%) during the three years preceding the current calendar year.

These requirements were purposely done as a deterrent to the wholesale conversion and creation of local government units, thus, stricter measures must be instituted.

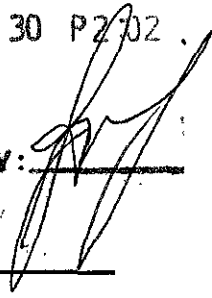
Approval of this bill is therefore, earnestly requested.


AQUILINO Q. PIMENTEL, JR.

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**AN ACT AMENDING SECTIONS 452 AND 461 OF REPUBLIC ACT
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:*

SECTION 1. Section 452 of RA 7160 is hereby amended and shall read as follows:

Section 452 – Highly Urbanized Cities. – (a) Cities with a minimum population of two hundred thousand (200,000) inhabitants, as certified by the National Statistics Office, and with the latest **LOCALLY GENERATED** annual income of at least (Fifty Million Pesos (P50,000,000.00)) **TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00)** based on (1991) **1998** constant prices, as certified by the (city treasurer) **DEPARTMENT OF FINANCE, AND AN AVERAGE REAL PROPERTY TAX COLLECTION EFFICIENCY OF, AT LEAST, EIGHTY PERCENT (80%) FOR THE THREE YEARS PRECEDING THE CURRENT CALENDAR YEAR,** shall be classified as highly urbanized cities.

(b) x x x

(c) x x x

SECTION 2. Section 461 of RA 7160 is hereby amended and shall read as follows:

Section 461. Requisites for Creation. – (a) A province may be created if it has (an) **A LOCALLY GENERATED** average annual income, as certified by the Department of Finance, of not less than (twenty million pesos (P20,000,000.00)) **TWO HUNDRED MILLION PESOS (P200,000,000.00)** based on (1991) **1998** constant prices; **AN AVERAGE REAL PROPERTY TAX COLLECTION EFFICIENCY, OF AT LEAST, EIGHTY PERCENT (80%) DURING THE THREE YEARS PRECEDING THE CURRENT CALENDAR YEAR,** and it has the following requisites:

(i) contiguous territory of at least two thousand (2,000) square kilometers, as certified by the Lands Management Bureau; or (ii) population of not less than two hundred fifty thousand (250,000) inhabitants as certified by the National (Census and) Statistics Office.

Provided, That, the creation thereof shall not reduce the land area, population, and income of the original unit or units at the time of said creation to less than the minimum requirements prescribed herein.

SECTION 13. All laws, decrees, executive orders, proclamations, rules and regulations, or parts thereof inconsistent herewith are hereby repealed or modified accordingly.

SECTION 14. Separability Clause. - If any provision of this Act is held invalid or unconstitutional, the other provisions not affected hereby shall remain valid and subsisting.

SECTION 15. This Act shall take effect fifteen (15) days after its publication in at least two (2) national newspapers of general circulation.

Approved,