

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

7 JUL -2 AM 11:18

SENATE

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Senate Bill No. 370

INTRODUCED BY SEN. JINGGOY EJERCITO ESTRADA

EXPLANATORY NOTE

Under Section 325 (a) of the Local Government Code of 1991, it is provided that the total appropriations, whether annual or supplemental, for personal services of a local government unit for one (1) fiscal year shall not exceed forty-five percent (45%) in the case of first to third class provinces, cities, and municipalities, and fifty-five percent (55%) in the case of fourth class or lower, of the total annual income realized in the next preceding fiscal year.

The term "personal services" is a broad term which includes such items as representations, travel and other allowances, bonuses, and the like, which when taken together with the basic salaries or wages of employees, amount to a sizable sum.

This restricts the local government units (LGUs) which cannot appropriate for "personal services" in excess of the limitations in said Sec. 325 (a) of the Local Government Code of 1991.

It is the purpose of this bill, therefore to amend the provisions of Section 325 (a) of the Local Government Code by substituting "salaries and wages" for the term "personal services" in said section, so that the percentage ceilings in the appropriations of the local government units for personal services for one (1) year will now be based on salaries and wages only, thereby allowing said LGUs a wider elbow room in determining the allocations in their local annual budgets in keeping with the concept of local autonomy.


JINGGOY EJERCITO ESTRADA
Senator

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**AN ACT
AMENDING SECTION 325 (A) OF REPUBLIC ACT NO. 7160, OTHERWISE
KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991, AND FOR OTHER
PURPOSES**

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

SECTION 1. Section 325 (a) of Republic Act No. 7160, otherwise known
as the Local Government Code of 1991, is hereby amended to read as follows:

"Sec. 325. General Limitations. – The use of the provincial,
city and municipal funds shall be subject to the following
limitations:

- (a) The total appropriations, whether annual or supplemental, for
[personal services] SALARIES AND WAGES OF OFFICIALS
AND EMPLOYEES of a local government unit for one (1)
fiscal year shall not exceed forty-five percent (45%) in the
case of the first to third class provinces, cities and
municipalities, and fifty-five percent (55%) in the case of
fourth class or lower, of the total annual income from regular
sources realized in the next preceding fiscal year. The
appropriation for salaries, wages, representation and
transportation allowances of officials and employees of the
public utilities, and economic enterprises owned, operated
and maintained by local government unit concerned, shall not
be included in the annual budget or in the computation of the
maximum amount for personal services. The appropriation
for the personal services of such economic enterprises shall
be charged to their respective budgets."

SEC 2. All laws or parts thereof inconsistent with this Act are hereby
repealed or modified accordingly.

SEC 3. This Act shall take effect upon its approval.

Approved,