



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

Seventeenth Congress
First Regular Session

House Bill No. 257

Introduced by Honorable Roy M. Loyola

EXPLANATORY NOTE

This bill was originally filed during the Second Regular Session of the Fifteenth Congress. It was approved by the House and transmitted to the Senate. Meanwhile, Hon. Panfilo M. Lacson introduced a parallel bill which was referred to the Senate Committee on Local Government. Joint committee hearings were conducted to deliberate upon the said bills.

The primordial reason for converting a municipality or cluster of barangays into a city is to ensure its economic viability (*Latasa v Commission on Elections*, G.R. No. 154829, December 10, 2003). As a general rule, the creation of a local government unit or its conversion from one level into another shall be based on verifiable indicators or viability and projected capacity to provide services, specifically income, population and land area (Section 7, R.A. No. 7160, Local Government Code of 1991).

Among the three, there is no doubt that the income requirement is the most controlling. In recognition of such fact, the Code sets forth the following criterion: Income – It must be sufficient, based on acceptable standards, to provide for all essential facilities and services and special functions commensurate with the size of its population, as expected of the local government unit concerned (Section 7(a), *supra*).

With regards to the population requirement, the Code merely provides: Population – It shall be determined as the total number of inhabitants, within the territorial jurisdiction of the local government unit concerned (Section 7(b), *supra*).

And lastly, with regards to the land area, the Code merely requires that the same be contiguous; properly identified by metes and bounds; and more importantly, must be sufficient to provide for such basic services and facilities to meet the requirements of its populace (Section 7(c), *supra*).

As our law stands today, before a municipality or cluster of barangays could be converted into a component city, it must have an annual income of at least One Hundred Million Pesos (P100,000,000.00) and a territory of at least one hundred (100) square kilometers or a population of not less than one hundred fifty thousand (150,000) Sec. 450, R.A. No. 7160, Local Government Code, as amended by R.A. 9006).

However, there are some municipalities which, despite of its small land area or population, have nevertheless demonstrated its unquestionable capacity to provide essential government facilities, social services to its inhabitants, comparable or even superior to existing cities.

As we all know, living in a city has its corresponding economic advantage. Thus, it would be utterly unfair to the inhabitants of municipalities to forever foreclose their right to the benefits of cityhood simply because such municipalities' land area and population is less than one hundred (100) square kilometers or one hundred fifty thousand (150,000), respectively.

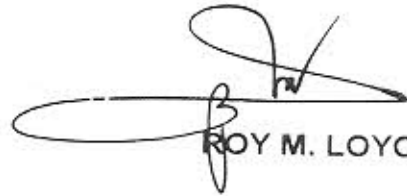
While there is no hard and fast rule to determine the optimum populace or land area for a city, applying the principles of political law for creation of a sovereign state, the population must be numerous enough and able to procreate in order to ensure perpetuation of the political entity. With regards to its land area, the same must be large enough to be able to sufficiently provided for its people.

Noteworthy are the small states, specifically: *Monaco*, a tiny state along the French Riviera which has an area of just 0.7 square miles (1.81 sq. km.) and a population of just 32,000. The island state of *Nauru*, became independent in 1968, and has an area of just 8.5 square miles (22 sq. km.) and a population of just 13,000. *Tuvalu*, formerly known as Ellice Islands, gained its independence in 1978, and has an area of just 9 square miles (23.3 sq. km.) and a population of 12,000. *San Marino*, located at Mt. Titano in north central Italy, which has an area of just 24 square miles (62.13 sq. km.) and a population of just 29,000.

If the above political entities have attained their status as an independent state despite its small population and land area, all the more reason for municipalities which have time and again demonstrated their capacity to thrive despite their small population and land area to be allowed to upgrade its status to that of a city.

Just like in any other law, there is a general rule and there is an exception. For purposes of this bill, the general rule remains – that for creation of or conversion into a city, a municipality must have an income of at least P100,000,000.00 *and* a land area of at least 100 square kilometers of population of at least 150,000. The exception is that, if the municipality generates a local income of at least double than that of the general rule, that is, Two Hundred Twenty Million Pesos (P200,000,000.00), then it is qualified to be converted into a city without regard to the size of its land area or population.

In view thereof, support and approval of this measure is earnestly sought.



ROY M. LOYOLA

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AN ACT EXEMPTING FROM THE POPULATION AND THE LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED BY REPUBLIC ACT NO. 9009, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

- 1 **SECTION 1.** Section 450 of Republic Act No. 7160 as amended,
2 otherwise known as the Local Government Code of 1991, as amended by
3 Republic Act No. 9009, is hereby further amended to read as follows:
- 4 “ SEC. 450. Requisites for Creation – (a) A municipality or a cluster of
5 barangays may be converted into a component city if it has a locally
6 generated average annual income, as certified by the Department of Finance,
7 of at least One hundred million pesos (P100,000,000.00) for the last two (2)
8 consecutive years based on 2012 constant prices, provided, that:
- 9 (i) a contiguous territory of at least one hundred (100) square
10 kilometers, as certified by the Lands Management Bureau; or
- 11 (ii) a population of not less than one hundred fifty thousand (150,000)
12 inhabitants, as certified by the National Statistics Office.

1 “PROVIDED, FURTHER, THAT THE REQUIREMENT ON
2 POPULATION AND ON LAND AREA PRESCRIBED HEREIN
3 SHALL NOT APPLY IF A MUNICIPALITY OR A
4 CLUSTER OF BARANGAYS HAS A LOCALLY GENERATED
5 AVERAGE ANNUAL INCOME, AS CERTIFIED BY THE
6 DEPARTMENT OF FINANCE, OF AT LEAST TWO HUNDRED
7 FIFTY MILLION PESOS (P250,000,000.00) FOR THE LAST
8 TWO (2) CONSECUTIVE YEARS BASED ON 2012
9 CONSTANT PRICES AND HAS EITHER THE
10 POPULATION OR LAND AREA REQUIREMENT
11 PRESCRIBED FOR THE CREATION OF A MUNICIPALITY
12 UNDER SECTION 442 OF THIS CODE . PROVIDED,
13 FURTHERMORE, THAT THREE (3) YEARS AFTER THE
14 EFFECTIVITY OF THIS ACT AND EVERY THREE (3) YEARS
15 THEREAFTER, THE THRESHOLD AMOUNT OF TWO
16 HUNDERED FIFTY MILLION PESOS
17 (P 250, 000, 000.00) SHALL BE INCREASED BY FIVE
18 PERCENT (5%).”

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

22 (b) The territorial jurisdiction of a newly-created city shall be properly
23 identified by metes and bounds. The requirement on land area shall not apply
24 where the city proposed to be created is composed of one (1) or more
25 islands. The territory need not be contiguous if it comprises two (2) or more
26 islands.

27 (c) The average annual income shall include the income accruing to the
28 general fund, exclusive of specific funds, transfers, and non-recurring
29 income.”

30 **SECTION 2.** If any provision of this Act shall be declared invalid or
31 unconstitutional, the remaining part or provisions not otherwise affected shall
32 remain in force.

33 **SECTION 3.** Any law, decree, ordinance, administrative circulars not
34 consistent with any provision of this Act is hereby amended, repealed or
35 modified accordingly.

36 **SECTION 4.** This Act shall take effect fifteen (15) days after its
37 complete publication in the Official Gazette or in at least two (2) newspapers
38 of general circulation.

Approved,