

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

HOUSE OF REPRESENTATIVES

House Bill No. 668

HOUSE OF REPRESENTATIVES	
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REGISTRATION UNIT BILLS AND INDEX SERVICE	

Introduced by Representative Victor A. Yap

EXPLANATORY NOTE

Republic Act No. 9009, in amending Section 450 of Republic Act No. 7160, otherwise known as the Local Government Code, increased to One Hundred Million Pesos (P100,000,000.00) the required average annual income for the conversion of a municipality to a component city. Moreover, RA 9009 requires that the average annual income of a local government unit (LGU) must be 'locally-generated' and excludes special funds, transfers and non-recurring income. It also necessitates that the amount be certified by the Department of Finance in lieu of the LGU's Treasurer.

On the other hand, Section 452 of RA 7160 merely required an average annual income of Fifty Million Pesos (P50,000,000.00) for the conversion of a city to a highly-urbanized one. The amount is to be certified by the City Treasurer. Similarly, Section 461 of the same Code requires only an average annual income of Twenty Million Pesos (P20,000,000.00) for the creation of a province.

Resultantly, we are confronted with a situation where the threshold amounts of average annual incomes required for the conversion and/or creation of various LGUs vary wildly and irrationally.

This bill seeks to rationalize the income requirements for the conversion or declaration of the various kinds of local government units for consistency among the relevant provisions in the Local Government Code with respect to the subject. Furthermore, the measure provides for the exclusion of the Internal Revenue Allotment (IRA) from the contemplation of the average annual income in order to conform with the qualification that the income must be locally-generated and to further promote self-sufficiency on the part of the LGUs to be converted or created.

Likewise, the requirement for a presidential proclamation of a city's status as a highly urbanized one is dispensed with in the bill and instead requires an act of Congress for the conversion of city to HUCs. To further democratize the process, the bill expands the constituency to be consulted in the plebiscite ratifying the declaration from only the voters of the concerned city to the qualified voters of the province in which the city is a component of.


VICTOR A. YAP
Representative, 2nd District of Tarlac

HOUSE OF REPRESENTATIVES

House Bill No. 668

Introduced by Representative Victor A. Yap

AN ACT

RATIONALIZING THE INCOME REQUIREMENTS FOR THE CREATION OF A MUNICIPALITY, THE DECLARATION OF HIGHLY URBANIZED STATUS IN THE CASE OF COMPONENT CITIES AND THE CREATION OF A PROVINCE, AMENDING FOR THE PURPOSE SECTIONS 442 (a), 452 (a), 453 AND 461 (a) AND (c) OF REPUBLIC ACT NO. 7160, AS AMENDED, 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
2 **SECTION 1.** Section 442 (a) of Republic Act No. 7160, as amended, otherwise known as
3 the "Local Government Code of 1991", is hereby amended to read as follows:

4 "SECTION. 442. Requisites for Creation. –

5 (a) A municipality may be created if it has an average annual income, as certified by the
6 provincial treasurer, of at least [Two] **TWELVE** million five hundred thousand pesos
7 [(P2,500,000.00)] (P12,500,000.00) for the last two (2) consecutive years based on the
8 [1991] **2013** constant prices; a population of at least twenty-five thousand (25,000)
9 inhabitants as certified by the National Statistics Office; and a contiguous territory of at
10 least fifty (50) square kilometers as certified by the Lands Management Bureau: Provided,
11 That the creation thereof shall not reduce the land area, population or income of the
12 original municipality or municipalities at the time of said creation to less than the
13 minimum requirements prescribed herein.

14 "x x x."

15
16 **SECTION 2.** Sections 452 (a) and 453 of the Local Government Code of 1991, as
17 amended, are hereby amended to read as follows:

18 "SEC. 452. Highly Urbanized Cities. –

19 (a) Cities with a minimum population of two hundred thousand (200,000) inhabitants, as
20 certified by the National Statistics Office, and with [the latest] **A LOCALLY-**
21 **GENERATED** annual income **FOR THE LAST TWO (2) CONSECUTIVE**
22 **YEARS** of at least **TWO HUNDRED** fifty million pesos [(P50,000,000.00)]
23 **(P250,000,000.00)** based on [1991] **2000** constant prices, as certified by the [city
24 treasurer] **DEPARTMENT OF FINANCE**, shall be classified as highly urbanized

1 cities[.]: **PROVIDED, THAT THE ANNUAL AVERAGE INCOME SHALL**
2 **INCLUDE THE INCOME ACCRUING TO THE GENERAL FUND, BUT**
3 **EXCLUDING THE INTERNAL REVENUE ALLOTMENT (IRA) SHARES,**
4 **SPECIAL FUNDS, TRUST FUNDS AND NON-RECURRING INCOME.**

5 "x x x."

6 "SEC. 453. Duty to Declare Highly Urbanized Status. – It shall be the duty of [the
7 President] **CONGRESS TO PASS A JOINT RESOLUTION** to declare a city as highly
8 urbanized within thirty (30) days after it shall have met the minimum requirements
9 prescribed in the immediately preceding section, upon proper [application]
10 **DETERMINATION** therefore [and ratification]: **PROVIDED, THAT THE**
11 **DECLARATION SHALL BE RATIFIED** in a plebiscite by the qualified voters [therein]
12 **OF THE PROVINCE IN WHICH THE CITY GEOGRAPHICALLY BELONGS."**

13
14 **SECTION 3.** Section 461 (a) and (c) of the Local Government Code of 1991, as amended,
15 is hereby amended to read as follows:

16 **"SEC. 461. Requisites for Creation. –**

- 17 (a) A province may be created if it has an average **LOCALLY-GENERATED** annual income
18 **FOR THE LAST TWO (2) CONSECUTIVE YEARS**, as certified by the Department of
19 Finance, of not less than [Twenty] **TWO HUNDRED** million pesos [(P20,000,000.00)]
20 **(P200,000,000.00)** based on **THE [1991] YEAR 2000** constant prices and either of the
21 following requisites:

22 "x x x

- 23 "(c) The average annual **LOCALLY-GENERATED** income shall include the income accruing
24 to the general fund, exclusive of **THE INTERNAL REVENUE ALLOTMENT (IRA)**
25 **SHARES**, special funds, trust funds, transfers, and non-recurring income."

26
27 **SECTION. 4.** The Department of the Interior and Local Government (DILG) shall issue
28 the necessary rules and regulations within sixty (60) days after the effectivity of this Act.

29
30 **SECTION. 5.** All laws, decrees, executive orders, rules and regulations which are
31 inconsistent with this Act are hereby repealed, amended, or modified accordingly.

32
33 **SECTION. 6.** This Act shall take effect fifteen (15) days after its publication in the Official
34 Gazette or in a newspaper of general circulation.

35
36 Approved,