



HOUSE OF REPRESENTATIVES

House Bill No. 64

Introduced by Representative Victor A. Yap

EXPLANATORY NOTE

Republic Act 9009, in amending Section 450 of Republic Act 7610 otherwise known as the Local Government Code, increased the income requirement for the conversion of a municipality to a component city to make it more up to date with current developments. However, the application of the new income requirement for a city was no longer consistent with the original income requirement used for provinces, municipalities, and for highly urbanized cities under the Local Government Code.

This bill aims to address such disconnect in national policy and to correct the imbalance in income requirements. It seeks to rationalize the income requirements for the conversion of a municipality into a component city as well as for the creation of a province, and for the declaration of highly urbanized status in the case of component cities.

The proposed measure also transfers the duty to declare a city as highly urbanized from the President to Congress through the passage of a joint resolution. The declaration of a highly urbanized city shall be ratified in a plebiscite by the qualified voters of the province in which the city geographically belongs.

In view of the foregoing, approval of this bill is earnestly sought.

VICTOR A. YAP

Representative, 2nd District of Tarlac

HOUSE OF REPRESENTATIVES

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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), (b) 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 **SECTION 1.** Section 442(a) of Republic Act. No. 7160, as amended, otherwise known as the "Local
2 Government Code of 1991", is hereby amended to read as follows:

3
4 "SEC. 442. *Requisites for Creation.* – (a) A municipality may be created if it
5 has an average annual income, as certified by the provincial treasurer, of at least
6 [Two] **TWELVE** million five hundred thousand pesos [(P2,500,000.00)]
7 **(P12,500,000.00)** for the last two (2) consecutive years based on the [1991] **2016**
8 constant prices; a population of at least twenty-five thousand (25,000)
9 inhabitants as certified by [National Statistics Office] **Philippine Statistics**
10 **Authority (PSA)**; and a contiguous territory of at least fifty (50) square
11 kilometers as certified by the Lands Management Bureau; *Provided,* That the
12 creation thereof shall not reduce the land area, population or income of the
13 original municipality or municipalities at the time of said creation to less than the
14 minimum requirements prescribed herein.

15 "x x x"

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

19 "SEC. 452. *Highly Urbanized Cities.* – (a) Cities with a minimum
20 population of two hundred thousand (200,000) inhabitants, as certified by the
21 [National Statistics Office] **PSA**, and with [the latest] **A LOCALLY-**
22 **GENERATED** annual income **FOR THE LAST TWO (2)**

1 CONSECUTIVE YEARS of at least TWO HUNDRED [F] Fifty million
2 pesos [(P50,000,000.00)] (P250,000,000.00) based on [1991] 2000 constant
3 prices, as certified by the [city treasurer] DEPARTMENT OF FINANCE,
4 shall be classified as highly urbanized cities[.]: *PROVIDED*, THAT THE
5 ANNUAL AVERAGE INCOME SHALL INCLUDE THE INCOME
6 ACCRUING TO THE GENERAL FUND, BUT EXCLUDING THE
7 INTERNAL REVENUE ALLOTMENT (IRA) SHARES, SPECIAL
8 FUNDS, TRUST FUNDS, AND NON-RECURRING INCOME.”

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

18
19 SEC. 3. Section 461(a), (b) and (c) of the Local Government Code of 1991, as amended, is hereby
20 amended to read as follows:

21 “SEC. 461. *Requisites for Creation.* - (a) A province may be created if it has
22 an average **LOCALLY-GENERATED** annual income **FOR THE LAST**
23 **TWO (2) CONSECUTIVE YEARS**, as certified by the Department of
24 Finance, of not less than [Twenty] **Two Hundred** million pesos
25 [(P20,000,000.00)] (P200,000,000.00) based on **THE [1991] YEAR 2000**
26 constant prices and either of the following requisites:

27 “(i) A contiguous territory of at least two thousand (2,000) square
28 kilometers, as certified by the Lands Management Bureau; or

29 “(ii) A population of not less than two hundred fifty thousand (250,000)
30 inhabitants as certified by the [National Statistics Office] PSA:

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

34
35 “(b) **THE TERRITORIAL JURISDICTION OF A NEWLY-**
36 **CREATED PROVINCE SHALL BE PROPERLY IDENTIFIED BY**
37 **METES AND BOUNDS, THE REQUIREMENT ON LAND AREA**
38 **SHALL NOT APPLY WHERE THE PROVINCE PROPOSED TO BE**

1 **CREATED IS COMPOSED OF ONE (1) OR MORE ISLANDS.** The
2 territory need not be contiguous if it comprises two (2) or more islands or is
3 separated by a chartered city or cities which do not contribute to the income of
4 the province.

5 “(c) The average annual **LOCALLY-GENERATED** income shall
6 include the income accruing to the general fund, exclusive of **THE IRA**
7 **SHARES**, special funds, trust funds, transfer, and non-recurring income.”

8
9 **SEC. 4.** The Department of the Interior and Local Government (DILG) shall issue the necessary
10 rules and regulations within sixty (60) days after the effectivity of this Act.

11
12 **SEC. 5.** All laws, decrees, executive orders, rules and regulations which are inconsistent with this
13 Act are hereby repealed, amended, or modified accordingly.

14
15 **SEC. 6.** This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a
16 newspaper of general circulation.

17
18 Approved.
19