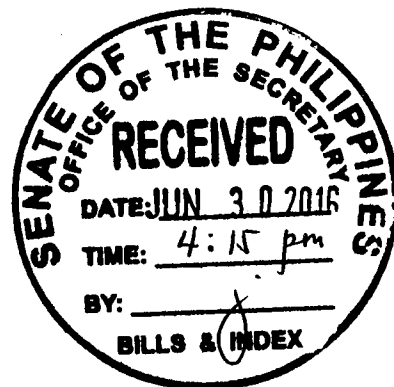


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
S. B. No. 110

Introduced by Senator Aquilino “Koko” Pimentel III

**AN ACT PROVIDING FOR THE SHARE IN THE NATIONAL
TAXES OF LOCAL GOVERNMENT UNITS, AMENDING FOR
THIS PURPOSE REPUBLIC ACT
NO. 7160, OTHERWISE KNOWN AS THE LOCAL
GOVERNMENT CODE OF 1991**

EXPLANATORY NOTE

Article X, Section 6 of the 1987 Constitution provides that “local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.”

Section 284, Title III, Chapter I of the Local Government Code of 1991 declares that the local government units (LGUs) shall have a share in the “national internal revenue taxes.”

This Bill, which I refer to as the “Bigger Pie, Bigger Slice” Bill, expands the source of funds for LGUs by changing “national internal revenue taxes” to “national taxes”, which is still, if not more, compliant with the above constitutional mandate.

As front liners in the delivery of government services, LGUs have been given numerous mandates but, most of the time, the resources to fulfill these mandates have been overlooked and have not been coming to the LGUs.

This Bill seeks to give LGUs more resources to make them fulfill their role as front liners to their respective constituents.

The Bill achieves this by including in the “pie” all the collections of the Bureau of Customs.

Not only does this Bill seek to increase the source of funds given to LGUs under the above-quoted constitutional mandate, but it also increases the share of, or slice for LGUs in this bigger pie, from the present 40% to the proposed 50% share.

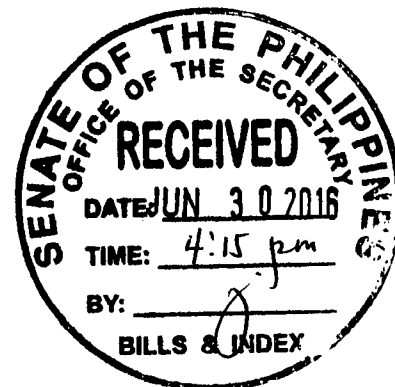
Aside from giving more resources to LGUs, another collateral result of this Bill is that it converts the fight against smuggling into a national and grassroots concern, because the LGUs will now be more sensitive on matters concerning smuggling operations for the simple reason that if the fight against smuggling succeeds, the BOC's collections will increase and which, in turn, will also increase the LGUs' share in the national taxes.

I foresee faster development and progress in the countryside with the enactment of this Bill, as barangays are also beneficiaries of this bill.

Hence, it is requested that this Bill be enacted as soon as possible for the benefit of all.


AQUILINO "KOKO" PIMENTEL III

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

1 **SECTION 1.** Beginning the fiscal year following the effectivity
2 of this Act, local government units shall have a fifty percent (50%) share
3 in the national taxes (“SNT”) based on the collection of the third fiscal
4 year preceding the current fiscal year; Provided, that in the event that the
5 national government incurs an unmanageable public sector deficit, the
6 President of the Philippines is hereby authorized, upon the
7 recommendation of Secretary of Finance, Secretary of Interior and Local
8 Government, and Secretary of Budget and Management, and subject to
9 consultation with the presiding officers of both Houses of Congress and
10 the presidents of the various leagues of the local government units, to
11 make the necessary adjustments in the share in the national taxes of local
12 government units but in no case shall the share be less than forty percent
13 (40%) of the collection of national taxes of the third fiscal year
14 preceding the current fiscal year.

15
16 **SECTION 2.** As used in this Act:

17
18 (1) “Local Government Units” shall refer to provinces, cities,
19 municipalities, and barangays;

20
21 (2) “National Taxes” shall refer to and include the national
22 internal revenue taxes collected by the Bureau of Internal Revenue, and
23 the tariffs, duties, fees, and charges, as well as the national internal

1 revenue taxes, if any, collected by the Bureau of Customs. National
2 taxes shall likewise include 'value-added taxes' collected by both
3 agencies;

4
5 (3) "National Internal Revenue Taxes" shall include the value-
6 added taxes.

7
8 **SECTION 3.** The share in the national taxes created under this
9 Act of each local government unit shall be determined following the
10 formula provided under Section 285 of Republic Act No. 7160.

11
12 **SECTION 4.** Each local government unit shall appropriate in its
13 annual budget no less than twenty percent (20%) of its share in the
14 national taxes for development projects. Copies of the development
15 plans of local government units shall be furnished the Department of
16 Interior and Local Government.

17
18 **SECTION 5.** The Secretary of Finance, in consultation with the
19 Secretary of Budget and Management, shall promulgate the necessary
20 rules and regulations for a simplified disbursement scheme designed for
21 the speedy and effective enforcement of the provisions of this Act.

22
23 **SECTION 6.** Section 284 under Chapter I, Title III of Republic
24 Act No. 7160, and all laws, presidential decrees, executive orders, letters
25 of instruction, rules and regulations which are inconsistent with any of
26 the provisions of this Act are hereby repealed or modified accordingly.

27
28 **SECTION 7.** If, for any reason or reasons, any part or provision
29 of this Act shall be held to be unconstitutional or invalid, other parts or
30 provisions hereof which are not affected thereby shall continue to be in
31 full force and effect.

32
33 **SECTION 8.** This Act shall take effect fifteen (15) days after its
34 complete publication in the Official Gazette or in any newspaper of
35 general circulation.

36
37 *Approved,*