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of the Philippines )  
First Regular Session )

SENATE

SB. No. 1161

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*Introduced by Senator Aquilino Q. Pimentel, Jr.*

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AN ACT  
TO STRENGTHEN LOCAL GOVERNMENT UNITS BY AMENDING CERTAIN  
PROVISIONS OF REPUBLIC ACT. NO. 7160, OTHERWISE KNOWN AS THE  
LOCAL GOVERNMENT CODE OF 1991

BOOK ONE - GENERAL PROVISIONS

**SECTION 1.** Section 2 of Republic Act No. 7160, otherwise known as the Local Government Code of 1991, hereinafter referred to as the Code, is hereby amended to read as follows:

**Section 2. Declaration of Policy. –**

(a) It is hereby declared [the] A policy of the State TO ENSURE that [the] ITS territorial and political subdivisions [of the State shall] enjoy genuine and meaningful local autonomy to enable them to attain [their fullest] FULL development as self-reliant communities and [make them more] BECOME effective partners in the attainment of national goals.

(B) Towards this end, the State shall provide for a more responsive and accountable local government structure instituted through a system of decentralization [whereby] WHERE local government units [shall be given] ARE GRANTED more powers, authority, responsibilities [,] and resources. The process of decentralization shall proceed from the [National] CENTRAL Government to the local government units.

[(b)] (C) It is also [the] A policy of the State to [ensure the accountability of 18 local government units through the institution of] INSTITUTE effective

mechanisms [of] FOR recall, initiative and referendum, TO ENSURE THAT LOCAL ELECTIVE OFFICIALS ARE MORE ACCOUNTABLE TO THE PEOPLE.

[(c)] (D) It is likewise [the] A policy of the State to require all [national] CENTRAL GOVERNMENT agencies and offices to conduct [periodic consultations] PUBLIC HEARINGS AND CONSULT with THE [appropriate] PROPER local government units, non-governmental and people's organizations, and other concerned sectors of the community, before any [project or] program OR PROJECT is APPROVED FOR implement[ed]ATION BY CENTRAL GOVERNMENT AGENCIES, OFFICES OR GOVERNMENTOWNED OR CONTROLLED CORPORATIONS, in their respective jurisdictions.

(E) THE STATE SHALL EMPOWER LOCAL GOVERNMENT UNITS TO REGULATE OR PROHIBIT GAMBLING AND OTHER ACTIVITIES THAT MAY ADVERSELY AFFECT THE MORALS, WELL-BEING AND GOOD ORDER OF INHABITANTS IN THEIR COMMUNITIES.

**SECTION 2.** Section 3 of the Code is hereby amended to read as follows:

**Section 3. *Operative Principles of Decentralization.*** – The formulation and implementation of policies and measures on local autonomy shall be guided by the following operative principles:

(a) xxx

(b) xxx

(c) [Subject to civil service law, rules and regulations,] [!]Local officials and employees WHO ARE paid wholly [or mainly] from local funds, shall, UNLESS OTHERWISE PROVIDED UNDER THIS CODE, be appointed [or removed] BY THE GOVERNOR, MAYOR, OR PUNONG BARANGAY OR BY THE VICE-GOVERNOR OR VICE-MAYOR AS THE CASE MAY BE according to merit and fitness, AND MAY ONLY BE REMOVED FOR CAUSE, SUBJECT TO CIVIL SERVICE LAW, RULES AND REGULATIONS [by the appropriate appointing authority];

(d) xxx

(e) xxx

(f) xxx

(g) xxx

(h) xxx

(i) Local government units shall share with the [National] CENTRAL Government the responsibility [in the management and maintenance of] TO MAINTAIN SOUND ecological balance [within] IN their RESPECTIVE territorial [al]ES [jurisdiction], subject to the provisions of this Code [and national policies];

(j) xxx

(k) The realization of local autonomy shall be facilitated through improved coordination of [national] CENTRAL government [policies and] programs AND POLICIES, and TO extend[ion of] adequate technical and material assistance to less developed and deserving local government units;

(l) The [participation of the] private sector [in local governance, particularly, in the delivery of basic services] shall be encouraged TO PARTICIPATE AS PARTNERS IN LOCAL GOVERNANCE, ESPECIALLY IN THE DELIVERY OF BASIC SERVICES, to ensure the [viability] EFFECTIVENESS of local autonomy as an [alternative strategy] INSTRUMENT for sustainable development; [and]

(m) The [National] CENTRAL Government shall ensure that decentralization contributes to the continuing improvement of the performance of local government units and the quality of [community] life IN THEIR COMMUNITIES; AND

(N) LOCAL GOVERNMENT UNITS SHALL ENJOY FISCAL AUTONOMY, AND SHALL EXERCISE PRIMARY AUTHORITY TO ALLOCATE, UTILIZE AND DISPOSE OF FUNDS GENERATED BY THEM OR ALLOTTED TO THEM, SUBJECT TO THE PROVISIONS OF THIS CODE AND OTHER APPLICABLE LAWS.

**SECTION 3.** Section 7 of the Code is hereby amended to read as follows:

**Section 7. *Creation and Conversion.*** - As a general rule, the creation of a local government unit or its conversion from one level to another level shall be based on verifiable indicators of viability and projected capacity to provide services, to wit:

(a) Income – MONEY RECEIVED FROM REGULAR LOCAL REVENUE

SOURCES, SHARE FROM NATIONAL TAXES, AND OTHER NON-REGULAR LOCAL REVENUE. FOR THE PURPOSE OF CREATION OR CONVERSION OF A LOCAL GOVERNMENT UNIT, [It] INCOME must be sufficient, based on acceptable standards, to provide for all essential government facilities [and], services and special functions commensurate with the size of its population, as expected of the local government unit concerned[.] AND SHALL BE BASED ONLY ON REVENUES GENERATED LOCALLY;

(b) Population. – It shall be determined as the total number of inhabitants within territorial jurisdiction of the local government unit concerned; [and]

(c) Land Area. – It must be continuous, unless it comprises two (2) or more islands or is separated by a local government unit independent of the others; properly identified by metes and bounds with technical descriptions; and sufficient to provide for such basic services and facilities to meet the requirements of its populace[.]; AND

(D) TAX COLLECTION EFFICIENCY – IN CASE OF A CONVERSION OF A MUNICIPALITY INTO A COMPONENT OR INDEPENDENT CITY OR FROM COMPONENT CITY AND INDEPENDENT COMPONENT CITY INTO A HIGHLY URBANIZED CITY, THE LOCAL GOVERNMENT UNIT CONCERNED MUST HAVE AN AVERAGE OF, AT LEAST, EIGHTYPERCENT (80%) REAL PROPERTY TAX COLLECTION EFFICIENCY AND SEVENTY PER CENT (70%) COLLECTION OF OTHER LOCAL TAXES EVERY YEAR IN THE THREE (3) IMMEDIATELY PRECEDING YEARS. TAX COLLECTION EFFICIENCY IS MEASURED AS THE RATIO OF ACTUAL TAX REVENUES COLLECTED TO THE AMOUNT OF TAXES THAT ARE DUE AND COLLECTIBLE.

[Compliance with the foregoing indicators shall be attested to by the Department of Finance (DOF), the National Statistics Office (NSO), and the Lands Management Bureau (LMB) of the Department of Environment and Natural Resources (DENR).] THE FOLLOWING CENTRAL GOVERNMENT AGENCIES SHALL ATTEST TO THE VIABILITY OF A LOCAL GOVERNMENT UNIT UNDER THE FOREGOING INDICATORS, TO WIT:

(1) THE DEPARTMENT OF FINANCE (DOF), AS TO INCOME  
AND THE COMMISSION ON AUDIT (COA) AS TO TAX COLLECTION

EFFICIENCY, IN THE CASE OF THE CREATION OF A PROVINCE OR THE CONVERSION OF A METROPOLITAN MANILA MUNICIPALITY INTO A CITY. IN THE CASE OF THE CREATION OF A MUNICIPALITY, CITY OR CONVERSION OF AN INDEPENDENT OR COMPONENT CITY INTO HIGHLY URBANIZED STATUS, THE PROVINCIAL TREASURER CONCERNED SHALL CERTIFY AS TO THE INCOME AND TAX COLLECTION EFFICIENCY OF THE LOCAL GOVERNMENT UNIT.

(2) THE NATIONAL STATISTICS OFFICE (NSO), AS TO POPULATION.

(3) THE LAND MANAGEMENT BUREAU (LMB) AND BUREAU OF FISHERIES AND AQUATIC RESOURCES (BFAR), AS TO LAND AREA.

**SECTION 4.** Section 13 of the Code is hereby amended to read as follows:

**Section 13. Naming [of] Local Government Units, [and] Public Places, Streets and Structures, AND DECLARING LOCAL PUBLIC HOLIDAYS.** – (a) The sangguniang panlalawigan, [may] in consultation with the [Philippine Historical Commission (PHC)] NATIONAL HISTORICAL INSTITUTE (NHI) AND LOCAL HISTORICAL ASSOCIATIONS, IF ANY, MAY NAME OR change the name of the following within its territorial jurisdiction:

(1) Component cities and municipalities, upon [the] recommendation of the sanggunian concerned;

(2) xxx

(3) xxx

(4) xxx

(5) xxx

(b) The sanggunian[s] of highly urbanized cities and [of] component cities, whose charters prohibit their voters from voting for provincial elective officials, hereinafter referred to [in this Code] as independent component cities,[may,] in consultation with the [Philippine Historical Commission] NATIONAL HISTORICAL

INSTITUTE, AND LOCAL HISTORICAL ASSOCIATIONS, IF ANY, MAY NAME OR change the name of the following within its territorial jurisdiction:

(1) City barangays, upon [the] recommendation of the sangguniang barangay concerned;

(1) xxx

(2)xxx

(3)xxx

(4)xxx

(c) The sanggunian[s] of component cities and municipalities, [ may ] in consultation with the [Philippine Historical Commission] NATIONAL HISTORICAL INSTITUTE, AND LOCAL HISTORICAL ASSOCIATIONS, IF ANY, MAY NAME OR change the name of the following within its territorial jurisdiction:

(1) City and municipal barangays, upon [the] recommendation of the sangguniang barangay concerned;

(2) xxx

(3) xxx

(4) xxx

(5) )xxx

(d) xxx

(e) xxx

(f) xxx

(g) xxx

THE SANGGUNIANG PANLALAWIGAN, PANLUNGSOD OR BAYAN, UPON CONSULTATION WITH THE NATIONAL HISTORICAL INSTITUTE AND LOCAL HISTORICAL ASSOCIATIONS, IF ANY, AND THE DEPARTMENT OF LABOR AND EMPLOYMENT (DOLE), THROUGH AN ORDINANCE DULY APPROVED BY THREE-FOURTHS (3/4) VOTE OF ALL THEIR RESPECTIVE MEMBERS, MAY DECLARE WORKING OR NON WORKING SPECIAL PUBLIC HOLIDAYS TO COMMEMORATE SIGNIFICANT HISTORIC EVENTS IN THE LOCAL GOVERNMENT UNIT CONCERNED.

**SECTION 5.** Section 14 of the Code is hereby amended to read as follows:

**Section 14. *Beginning of Corporate Existence.*** – [When a new local government unit is created, its] THE corporate existence OF A NEWLY CREATED LOCAL GOVERNMENT UNIT shall commence upon the [election] EFFECTIVITY OF THE LAW OR ORDINANCE CREATING IT, [and qualification of its chief executive and a majority of the members of its sanggunian,] unless [some] other [time] BASIS is [fixed therefor by the law or ordinance creating it] PROVIDED THEREIN.

**SECTION 6.** Section 17 (a) (b) (1) (i), (ii), (iii), (iv), (v), (vi), (vii), (viii), 2(i), (ii), (iii), (iv), (v), (vi), (vii), (viii), (x), (xi), (xii), (xiii) (b), 3 (i), (iii), (iv), (v), (vi),(vii), (viii), (x), 4 (i), (ii) (c), (e), (h), (i) (j) of the same Code are hereby amended to read as follows:

**Section 17. [*Basic*] *Services and Facilities.*** - (a) Local government units shall endeavor to be self-reliant and shall continue exercising the powers and discharging the duties and functions currently vested upon them. They shall also discharge the POWERS, functions and responsibilities of [national] CENTRAL GOVERNMENT agencies and offices devolved to them pursuant to this Code. Local government units shall likewise exercise such other powers and discharge such other functions and responsibilities as are necessary, appropriate, or incidental to efficient and effective [provision of the basic services and facilities enumerated herein] LOCAL GOVERNANCE.

(b) Such [basic] services and facilities include, but are not limited to, the following:

(1) *For a Barangay:*

(i) Agricultural support services which include THE DISTRIBUTION OF planting materials [distribution system] and operation AND MAINTENANCE of [farm produce] collection and buying stations FOR FARM PRODUCTS;

(ii) Health and [social welfare services which include maintenance of barangay health center, and] day-care centerS, AND OTHER SOCIAL WELFARE SERVICES;

(iii) [Services and facilities related to general hygiene and] COMMUNITY ACTIONS FOR CLEANLINESS, sanitation, beautification and SYSTEMATIC COLLECTION AND DISPOSAL OF [solid] wasteS [collection];

(iv) [Maintenance of katarungang pambarangay] MEDIATION AND CONCILIATION SERVICES UNDER THE BARANGAY JUSTICE SYSTEM;

(v) CONSTRUCTION, Maintenance, REPAIR AND REHABILITATION of barangay roads [and], bridges, and water supply systems.

THE FOLLOWING ARE BARANGAY ROADS:

1. THOSE CONSTRUCTED BY THE BARANGAY OUT OF ITS OWN FUNDS;
2. THOSE CONSTRUCTED BY HIGHER LOCAL GOVERNMENT UNITS OR CENTRAL GOVERNMENT AND TURNED OVER TO THE BARANGAY; AND
3. THOSE CONSTRUCTED BY PRIVATE PERSONS AS PREVIOUSLY APPROVED BY THE SANGGUNIAN CONCERNED AND ARE OFFICIALLY DONATED TO THE BARANGAY CONCERNED. FUNDS FOR THE MAINTENANCE, REPAIR AND REHABILITATION OF BARANGAY ROADS SHALL BE DEVOLVED TO THE BARANGAY CONCERNED;

(vi) [Infrastructure facilities such as m] Multi-purpose hall, multi-purpose pavement, plaza, sports center and other similar INFRASTRUCTURE facilities;

(vii) Information and reading centerS; and

(viii) Satellite or public marketS, where viable.

*(2) For a Municipality:*

(i) Extension and on-site research services and facilities related to agriculture INCLUDING ANIMAL HEALTH, and fishery activities which include dispersal of livestock and poultry, fingerlings, and other seeding materials for aquaculture; palay, corn, and vegetable seed farms; medicinal plant gardens; fruit tree, coconut, and other kinds of seedling nurseries[;] AND demonstration farms; quality control of copra and improvement and development of local distribution channels, preferably through cooperatives; inter-barangay irrigation systems; water and soil resource utilization and conservation projects; and enforcement of fishery laws AND ORDINANCES in municipal waters [including] ESPECIALLY the conservation of mangroves;

(ii) [Pursuant to national policies and subject to supervision, control and review of the DENR,] [i]Implementation of community-based forestry projects which include integrated social forestry programs and similar projects; management and control of communal forests with an area not exceeding fifty (50) square kilometers; establishment of tree parks, greenbelts, and similar forest development projects.

(iii) [Subject to the provisions of Title Five Book I of this Code,] [h]Health services which include [the] implementation of programs and projects on primary health care, maternal and child care, and communicable and non communicable disease control services; access to secondary and tertiary health services; purchase of medicines, medical supplies[,], and equipment needed to carry out the services herein enumerated, SUBJECT TO THE PROVISIONS OF TITLE FIVE, BOOK I OF THIS CODE;

(iv) Social welfare services which include programs and projects on child, [and] youth AND SPECIAL CHILDREN welfare, family and community welfare, women's welfare, welfare of the elderly and disabled persons; community-based rehabilitation programs for vagrants, beggars, street children, scavengers, juvenile delinquents, and victims of drug abuse; livelihood and other pro-poor projects; nutrition [services;], and family planning services;

(v) Information services [which include] ON investment[s] and job [placement information systems] OPPORTUNITIES, tax and market[ing] information [systems], and [maintenance of a] public librar[y]IES AND OTHER SIMILAR FACILITIES;

(vi) [Solid] [w]Waste disposal systems or environmental management systems and services or facilities related to general hygiene and sanitation;

(vii) Municipal buildings, cultural centers, public [parks including] AND freedom parks, playgrounds, [and] sports facilities and equipment, and other similar [facilities] SERVICES;

(viii) Infrastructure facilities intended primarily to service the needs of the residents [of] WITHIN the municipality and which are funded [out of] BY CENTRAL, PROVINCIAL OR municipal [funds] GOVERNMENT BUDGETS SHALL INCLUDE [including, but not limited to,] municipal roads and bridges; [school buildings, and other facilities for] public elementary and secondary school[s] BUILDINGS AND SIMILAR STRUCTURES, AND PUBLIC LIBRARIES; CRISES CENTERS, clinics, health centers and other [health] facilities necessary to carry out health services; communal irrigation, small water impounding [projects] and [other] similar projects; fish ports AND WHARVES; artesian wells, spring development, rainwater collectors and water supply systems; RECLAMATION, seawall[s], dike[s], drainage [and], sewerage, and flood control PROJECTS; traffic signals [and], road signs[;], and similar facilities[;]. THE FOLLOWING ARE MUNICIPAL ROADS:

1. THOSE CONSTRUCTED BY THE MUNICIPALITY OUT OF ITS OWN FUNDS;
2. THOSE CONSTRUCTED BY HIGHER LOCAL GOVERNMENT UNITS OR CENTRAL GOVERNMENT AND TURNED OVER TO THE MUNICIPALITY; AND
3. THOSE CONSTRUCTED BY PRIVATE PERSONS AS PREVIOUSLY APPROVED BY THE SANGGUNIAN CONCERNED AND ARE OFFICIALLY DONATED TO OR TAKEN OVER BY THE MUNICIPALITY CONCERNED;

(ix) xxx

(x) Public cemeter[y]IES.

(xi) Tourism facilities and tourist attractions, including [the] acquisition of LANDS AND equipment FOR THE PURPOSE; regulation and supervision of business

concessions RELATED TO THE TOURISM INDUSTRY[;] and security [services] for such SERVICES and facilities; [and]

(xii) Sites for police [and fire] stations and substations and [the] municipal jails;

(XIII) FIRE PROTECTION SERVICE; AND

(XIV) UPGRADING AND MODERNIZATION OF TAX INFORMATION AND COLLECTION SERVICES AND OTHER SYSTEMS AND PROCESSES THROUGH THE USE OF INFORMATION TECHNOLOGY AND OTHER MEANS;

(3) *For a Province:*

(i) Agricultural extension and on-site research services and facilities which include the prevention and control of plant and animal pests and diseases; dairy farms, livestock markets, animal breeding stations, and artificial insemination centers; and assistance in the organization of farmers' and fishermen's cooperatives and other collective organizations, as well as IN the transfer of appropriate technology.

(ii) xxx

(iii) Pursuant to national policies, [and subject to supervision, control and review of the DENR,] enforcement of forestry laws [limited to community-based forestry projects], pollution control law, small-scale mining law, and other laws on the protection of the environment; [and] mini-hydro electric projects for local purposes; MONITOR AND EVALUATE THE IMPLEMENTATION OF PROGRAMS AND PROJECTS ON ENVIRONMENT AND NATURAL RESOURCES;

(iv) [Subject to the provisions of Title Five, Book I of this Code,] [h]Health services which include THE ESTABLISHMENT, OPERATION AND MAINTENANCE OF hospitals and other tertiary health services; PROCUREMENT OF DRUGS, MEDICINES, HOSPITAL SUPPLIES AND EQUIPMENT, MEDICINES, MEDICAMENTS AND EQUIPMENT; AND INTEGRATION AND MONITORING OF HEALTH-RELATED PROJECTS AND SERVICES IN THE PROVINCE, SUBJECT TO THE PROVISIONS OF TITLE FIVE, BOOK I OF THIS CODE.

THE PROCUREMENT OF DRUGS, MEDICINES, HOSPITAL SUPPLIES AND EQUIPMENT, MEDICINES, MEDICAMENTS AND EQUIPMENT BY THE

CENTRAL GOVERNMENT FOR DISTRIBUTION TO PROVINCES, CITIES, MUNICIPALITIES AND BARANGAY MAY BE DONE ONLY AFTER DUE CONSULTATION WITH THE LEAGUES OF PROVINCES, CITIES, MUNICIPALITIES AND BARANGAY, RESPECTIVELY;

PURCHASE MEDICINES AND DRUGS BY THE CENTRAL GOVERNMENT SHALL BE DEVOLVED TO THE LOCAL GOVERNMENT UNIT.

(v) Social welfare services which include programs and projects on rebel returnees and evacuees; relief operations, and population development [services];

(vi) Provincial buildings, provincial jails, freedom parks and other assembly areas, and [other] similar facilities;

(vii) PUBLIC WORKS AND [I]infrastructure [facilities] PROJECTS intended to service the needs of the residents [of] WITHIN the province [which are] WHETHER funded [out of] BY CENTRAL OR provincial [funds] GOVERNMENT BUDGETS including [, but not limited to,] provincial roads, NATIONAL ROADS, [and] bridges, PORTS, inter-municipal [waterworks] WATER SYSTEMS, drainage, sewerage, flood control, and irrigation systems, INTER-MUNICIPAL reclamation projects and other similar facilities. THE FOLLOWING ARE PROVINCIAL ROADS:

1. THOSE CONSTRUCTED BY THE PROVINCE OUT OF ITS OWN FUNDS;
2. THOSE CONSTRUCTED BY CENTRAL GOVERNMENT OR BY THE COMPONENT CITY, MUNICIPALITY OR BARANGAY AND TURNED OVER TO THE PROVINCE; AND
3. THOSE CONSTRUCTED BY PRIVATE PERSONS AS PREVIOUSLY APPROVED BY THE SANGGUNIAN CONCERNED AND ARE OFFICIALLY DONATED TO OR TAKEN OVER BY THE PROVINCE CONCERNED;

(viii) [Programs and projects for] [I]Low-cost housing and other mass dwelling PROGRAMS AND PROJECTS, except those funded by the Social Security System (SSS), Government Service Insurance System (GSIS), and the Home Development Mutual Fund (HDMF): *Provided*, That national funds for these programs

and projects shall be equitably allocated among the regions in proportion to the ratio of the homeless to the population;

(ix) xxx

(x) Upgrading and modernization of tax information and collection services AND OTHER SYSTEMS AND PROCESSES through the use of [computer hardware and software] INFORMATION TECHNOLOGY and other means;

(xi) [Inter-municipal] [t]Telecommunications AND TRANSPORTATION services AND FACILITIES, subject to national policy guidelines; and

(xii) Xxx

(4) For a City:

All the services and facilities [of the municipality and province] WHICH PROVINCES AND MUNICIPALITIES MAY DELIVER AND PROVIDE MAY ALSO APPLY TO CITIES[, and in addition thereto, the following:]

[(i) Adequate communications and transportation facilities;]

[(ii) Support for education, police and fire services and facilities;]

(c) [Notwithstanding the provisions of] UNLESS OTHERWISE PROVIDED UNDER subsection (b) hereof, public works and infrastructure projects and other facilities, programs and services funded by the [National] CENTRAL Government under the General Appropriations Act, other special laws, pertinent executive orders and those wholly or partially funded from foreign sources, are not [covered under this Section] DEVOLVED TO THE LOCAL GOVERNMENT UNITS, except in those cases where the local government unit concerned is duly designated as the implementing agency for such projects, facilities, programs and services.

(d) xxx

(e) [National] CENTRAL GOVERNMENT agencies or offices concerned shall

devolve to local government units the POWERS AND responsibilit[y]IES TO DELIVER AND PROVIDE [for the provision of] basic AND OTHER services and facilities, AND THE FUNCTIONS AND PROGRAMS enumerated in this Section, within six (6) months after the effectivity of this Code, AS AMENDED.

(f) xxx

(g) xxx

(h) Regional, PROVINCIAL, CITY, MUNICIPAL AND DISTRICT offices of [national] CENTRAL GOVERNMENT agencies or offices whose functions are devolved to local government units as provided herein shall be phased out within one (1) year from

the approval of this Code, AS AMENDED. Said [national] CENTRAL GOVERNMENT agencies and offices may establish such field units as may be necessary for monitoring purposes and providing technical assistance to local government units. The properties, equipment, and other assets of these regional offices shall be distributed to the local government units in the region in accordance with the rules and regulations issued by the Oversight Committee created under this Code.

(i) The devolution contemplated in this Code shall include the transfer to local government units of the FUNDS, records, equipment, and other assets and personnel of [national] CENTRAL GOVERNMENT agencies and offices corresponding to the devolved powers, functions, and responsibilities.

Personnel of said [national] CENTRAL GOVERNMENT agencies or offices shall be absorbed by the local government units to which they belong or in whose areas they are assigned to the extent that it is administratively viable as determined by the said oversight committee: *Provided*, That the rights accorded to such personnel pursuant to civil service law, rules and regulations shall not be impaired: *Provided, further*, That regional directors who are career executive service officers and other officers of similar rank in the said regional offices who cannot be absorbed by the local government unit shall be retained by the [National] CENTRAL Government, without any diminution of rank, salary or tenure.

(J) THE CENTRAL GOVERNMENT, REGIONAL, PROVINCIAL, CITY, MUNICIPAL AND DISTRICT OFFICES WHOSE FUNCTIONS HAVE BEEN DEVOLVED OR PHASED OUT AS HEREIN PROVIDED, SHALL SUBMIT A REPORT TO CONGRESS REGARDING THE STATUS OF THEIR COMPLIANCE WITH THE DEVOLUTION HEREIN MANDATED ON OR BEFORE JULY OF EVERY

CALENDAR YEAR. SUCH A REPORT SHALL BE USED BY CONGRESS TO DETERMINE THEIR RESPECTIVE BUDGETS.

[(j)] (K) To ensure the active participation of the private sector in local governance, local government units may, by ordinance, sell, lease, encumber, or otherwise dispose of public economic enterprises owned by them on their propriety capacity.

**SECTION 7.** Section 20, Paragraphs (a) and (c) of the Code is hereby amended to read as follows:

**Section 20. *Reclassification of Lands.* –**

(a) A city or municipality, [may, through an] BY ordinance passed by the sanggunian after conducting public hearings for the purpose, MAY authorize the reclassification of agricultural lands and provide for the manner of their utilization or disposition in the following cases: (1) when the land ceases to be economically feasible and sound for agricultural purposes as determined by the Department of Agriculture [or] AND (2) where the land shall have substantially greater economic value for residential, commercial, or industrial purposes, as determined by the sanggunian concerned: Provided, That such reclassification shall be limited to the following percentage of the total agricultural land area at the time of the passage of [the ordinance] THIS CODE, AS AMENDED.

- (1) For highly urbanized and independent component cities, fifteen percent (15%);
- (2) For component cities and first to third class municipalities, ten percent (10%); and
- (3) For fourth to sixth class municipalities, five percent (5%): Provided, further, That agricultural lands distributed to agrarian reform beneficiaries pursuant to Republic Act Numbered Sixty-six hundred fifty-seven (R.A. No. 6657), otherwise known as "The Comprehensive Agrarian Reform Law", shall not be affected by the

said reclassification and the conversion of such lands into other purposes shall be governed by Section 65 of said Act.

(b) xxx

(c) NOTWITHSTANDING ANY LAW TO THE CONTRARY, [The] local government units shall [, in conformity with existing laws, continue to prepare] RECLASSIFY THEIR RESPECTIVE AGRICULTURAL LAND AREAS INTO INDUSTRIAL, COMMERCIAL AND RESIDENTIAL AND TO BE INCLUDED IN their respective comprehensive land use plans enacted through zoning ordinances WITHIN EIGHTEEN (18) MONTHS FROM APPROVAL OF THIS CODE, AS AMENDED, [which shall be the primary and dominant basis for the future use of land resources,] AND MAY BE REVIEWED EVERY FIVE YEARS THEREAFTER; [Provided, That] [t]The requirements for food production, human settlements, and industrial AND COMMERCIAL expansion shall be taken into consideration in the preparation of such plans.

(d)xxx

(e)xxx

**SECTION 8.** Section 25 of the Code is hereby amended to read as follows:

**Section 25. [National] CENTRAL GOVERNMENT Supervision over Local Government Units.** – (a) Consistent with the basic policy on local autonomy, the President shall exercise general supervision over local government units to ensure that their acts are within the scope of their prescribed powers and functions.

The President shall exercise supervisory authority over provinces, highly urbanized cities, independent component cities; through the province with respect to component cities and municipalities; and through the city and municipality with respect to barangays.

(b) [National] CENTRAL GOVERNMENT agencies and offices with project implementation functions shall coordinate with one another and with the local government units concerned in the discharge of these functions. They shall ensure the participation of local government units both in the planning and implementation of said

national projects. FOR THIS PURPOSE ALL CENTRAL GOVERNMENT AGENCIES SHALL FURNISH COPIES OF THEIR NATIONAL PROGRAMS, PROJECTS AND PLANS TO THE LOCAL GOVERNMENT UNIT CONCERNED WITHIN WHOSE BOUNDARIES THE PROGRAMS, PROJECTS AND PLANS ARE TO BE IMPLEMENTED.

(c) xxx

(d) xxx

**SECTION 9.** Section 26 of the Code is hereby amended to read as follows:

**Section 26. Duty of [National] CENTRAL Government Agencies in the Maintenance of Ecological Balance.** - It shall be the duty of every [national] CENTRAL GOVERNMENT agency or government-owned or –controlled corporation authorizing or involved in the planning and implementation of any project or program that may cause pollution, climatic change, depletion of non renewable resources, loss of cropland, rangeland, or forest cover, and extinction of animal or plant species, to HOLD ACTUAL CONSULTATIONS with the local government units, non-governmental organizations, and other sectors concerned; and TO explain the goals and objectives of the project or program, its impact upon the people and the community in terms of environmental or ecological balance, and the measures that will be undertaken to prevent or minimize the adverse effects thereof.

THE CONSULTATION REQUIREMENT AS PROVIDED HEREIN APPLIES ALSO TO PRIVATE FIRMS OR ENTITIES.

**SECTION 10.** Section 27 of this Code is hereby amended to read as follows:

**Section 27. Prior Consultations Required.** – No project or program OF THE CENTRAL GOVERNMENT AGENCIES OR PRIVATE SECTOR THAT CRITICALLY IMPACTS ON THE ENVIRONMENT shall be implemented [by government authorities unless] WITHOUT the consultations [mentioned]PROVIDED FOR in Sections 2 [(c)](D), [and] 26 hereof [are complied with], and THE prior approval OF THE MAJORITY OF THE MEMBERS IN A RESOLUTION of the sanggunian concerned [is obtained]; *Provided*, That occupants in areas where such projects are to

be implemented shall not be evicted unless appropriate relocation sites have been provided, in accordance with the provisions of the Constitution AND EXISTING LAWS.

**SECTION 11.** Section 28 of this Code is hereby amended to read as follows:

**Section 28. Powers of Local Chief Executives over the units of the Philippine National Police.** – The extent of operational supervision and control of local chief executives over the police force, and jail management personnel assigned in their respective jurisdictions shall be governed by the provisions of Republic Act Numbered Sixty-nine seventy-five (R.A. No. 6975), otherwise known as “The Department of the Interior and Local Government Act of 1990”, and the rules AS AMENDED and regulations issued pursuant thereto.

**SECTION 12.** Section 37 of the same Code is hereby amended to read as follows:

**Section 37. Local Pre-qualification, Bids and Awards Committee (Local PBAC).** – (a) There is hereby created a [local] pre-qualification, bids and awards committee in every province, city, [and] municipality, AND BARANGAY [which] THAT shall be primarily responsible for the conduct of pre qualification of contractors, bidding, evaluation of bids, and [the] recommendation of awards concerning local infrastructure projects.

The governor, or the city or municipal mayor, shall act as [the] chairman OF THE COMMITTEE, with the following as members:

- (1) The chairman of the appropriations committee of the sanggunian concerned;
- (2) A representative of the minority party in the sanggunian concerned, if any, or if there be none, one (1) chosen by said sanggunian from among its members;
- (3) The local treasurer;
- (4) Two (2) representatives of non-governmental organizations that are represented in the local development council concerned, to be chosen by the organizations themselves; [and]

- (5) [Any] A PRACTICING certified public accountant from the private sector, to be designated by the local chapter of the Philippine Institute of Certified Public Accountants, if any; AND
- (6) THE LEGAL OFFICER OF THE LOCAL GOVERNMENT UNIT CONCERNED, IF ANY.

THE PUNONG BARANGAY SHALL ACT AS CHAIRMAN OF THE BARANGAY PRE-QUALIFICATION, BIDS AND AWARDS COMMITTEE, WITH THE FOLLOWING AS MEMBERS:

- (1) A REPRESENTATIVE OF THE SANGGUNIANG BARANGAY CHOSEN FROM AMONG THE MEMBERS;
- (2) THE BARANGAY TREASURER; AND
- (3) ONE (1) REPRESENTATIVE CHOSEN BY THE NON GOVERNMENTAL OR PEOPLE'S ORGANIZATION FROM AMONG ITS REPRESENTATIVES IN THE BARANGAY DEVELOPMENT COUNCIL.

Representatives of the Commission on Audit shall observe the proceedings of such A committee and THE COMMISSION ON AUDIT shall certify THEREAFTER that the rules and procedures for pre-qualification, bids and awards have been complied with.

THE PROCEEDINGS OF THE BARANGAY COMMITTEE SHALL BE OBSERVED AND CERTIFIED TO BY THE MUNICIPAL TREASURER, AND/OR BY THE AUTHORIZED REPRESENTATIVES OF THE LATTER, RESPECTIVELY. THE FOLLOWING CONTRACTS INVOLVING INFRASTRUCTURE PROJECTS ARE SUBJECT TO PUBLIC BIDDING, TO WIT:

- (1) THOSE AMOUNTING TO TEN MILLION (P10,000,000) PESOS OR MORE IN THE CASE OF PROVINCES, HIGHLY URBANIZED AND INDEPENDENT COMPONENT CITIES AND MUNICIPALITIES WITHIN THE METROPOLITAN MANILA AREA;
- (2) THOSE AMOUNTING TO FIVE MILLION (P5,000,000.00) PESOS OR MORE IN THE CASE OF COMPONENT CITIES AND FIRST CLASS MUNICIPALITIES;

- (3) THOSE AMOUNTING TO THREE MILLION (P3,000,000) PESOS OR MORE IN THE CASE OF SECOND TO SIXTH CLASS MUNICIPALITIES, AND
  - (4) ANY AMOUNT IN THE CASE OF THE BARANGAY; LOCAL GOVERNMENT UNITS SHALL NOT SPLIT CONTRACTS FOR INFRASTRUCTURE PROJECTS OR FOR THE ACQUISITION AND PROCUREMENT OF SUPPLIES, GOODS, EQUIPMENT AND SERVICES SUBJECT OF THE ABOVE PROVISIONS FOR THE PURPOSE OF EVADING THE MAXIMUM LIMITATIONS SPECIFIED THEREIN.
- (b) Xxx
  - (c) Xxx

**SECTION 13.** Section 38 of the Code is hereby `amended as follows:

**Section 38. *Local Technical Committee.*** - (a) There is hereby created a local technical committee in every province, city and municipality to provide technical assistance to the local pre-qualification, bids and awards committees. It shall be composed of the provincial, city or municipal engineer, the local planning and development coordinator, and such other officials designated by the local pre-qualification, bids and awards committee.

THE CITY OR MUNICIPAL TECHNICAL COMMITTEE SHALL PROVIDE TECHNICAL ASSISTANCE TO THE BARANGAY PRE- QUALIFICATION, BIDS AND AWARDS COMMITTEE IN THE LOCAL GOVERNMENT UNIT CONCERNED, UPON REQUEST OF THE LATTER.

(b) The chairman of the local technical committee shall be designated by the local pre-qualification, bids and awards committee and shall attend its meeting in order to present the reports and recommendations of the local technical committee.

**SECTION 14.** Section 46 of the Code is hereby `amended as follows:

**Section 46. *Temporary Vacancy in the Office of the Local Chief***

**Executive.** - (a) When the governor, OR city or municipal mayor [, or punong barangay] is temporarily incapacitated to perform his duties for physical or legal reasons such as, but not limited to, leave of absence, travel abroad, and suspension from office, the vice-governor, city or municipal vice-mayor [or the highest ranking sangguniang barangay member] shall automatically exercise the powers and perform the duties and functions of the local chief executive concerned, except the power to appoint, suspend, or dismiss employees which can only be exercised if the period of temporary incapacity exceeds thirty (30) days.

IF A TEMPORARY VACANCY OCCURS IN THE OFFICE OF THE GOVERNOR OR MAYOR, VICE-GOVERNOR OR VICE-MAYOR, THE HIGHEST RANKING SANGGUNIAN MEMBER OR, IN THE CASE OF HIS/HER INABILITY, THE SECOND HIGHEST RANKING SANGGUNIAN MEMBER SHALL BECOME THE GOVERNOR, VICE-GOVERNOR, MAYOR OR VICE MAYOR, AS THE CASE MAY BE. SUBSEQUENT VACANCIES IN THE SAID OFFICE SHALL BE FILLED AUTOMATICALLY BY THE OTHER SANGGUNIAN MEMBERS ACCORDING TO THEIR RANKING AS DEFINED HEREIN.

IN CASE OF TEMPORARY INCAPACITY OF THE PUNONG BARANGAY TO PERFORM HIS/HER DUTIES FOR PHYSICAL OR LEGAL REASONS, SUCH AS BUT NOT LIMITED TO, LEAVE OF ABSENCE, TRAVEL ABROAD, AND SUSPENSION FROM OFFICE, THE HIGHEST RANKING SANGGUNIAN MEMBER SHALL AUTOMATICALLY ASSUME THE POWERS, DUTIES AND FUNCTIONS OF THE PUNONG BARANGAY, EXCEPT THE POWER TO APPOINT, SUSPEND, OR DISMISS EMPLOYEES WHICH CAN ONLY BE EXERCISED IF THE PERIOD OF TEMPORARY INCAPACITY EXCEEDS THIRTY (30) DAYS. SUBSEQUENT VACANCIES IN THE SAID OFFICE SHALL BE FILLED AUTOMATICALLY BY THE OTHER SANGGUNIAN MEMBERS ACCORDING TO THEIR RANKING AS DEFINED HEREIN.

**SECTION 15.** Section 47 of the Code is hereby amended to read as follows:

**Section 47. Approval of Leave of Absence.** – (a) Leaves of absence of local elective officials shall be approved as follows:

(1) Leaves of absence of the governor and the mayor of a highly urbanized

city or and independent component city shall be approved by the President or his duly authorized representative;

(2) Leaves of absence of a vice-governor or a city or municipal vice-mayor shall be approved by the local chief executive concerned[: Provided, That]. [t]The leaves of absence of the members of the sanggunian and its employees shall be approved by the vice-governor or city or municipal vice-mayor concerned;

(3) Leaves of absence of the component city or municipal mayor shall be approved by the governor; and

(4) Leaves of absence of a punong barangay shall be approved the city or municipal mayor[: Provided, That]. [l]Leaves of absence of sangguniang barangay members shall be approved by the punong barangay.

(b) Whenever the application for leave of absence hereinabove specified is not acted upon within [five (5)] THREE (3) working days after receipt thereof, the application for leave of absence shall be deemed approved.

**SECTION 16.** Subparagraph 49 of the Code is hereby amended by adding a new subparagraph to be known as subparagraph “C” which shall read as follows:

**Section 49. Presiding Officer.** –

(a) xxx

(b) xxx

(C) THE VICE-GOVERNOR, VICE-MAYOR OR ANY ACTING PRESIDING OFFICER MAY TEMPORARILY RELINQUISH THE CHAIR TO THE MAJORITY FLOOR LEADER OR TO ANY MEMBER CHOSEN BY THE SANGGUNIAN, TO PROPOSE OR DEFEND AN ORDINANCE OR A RESOLUTION, OR TO PARTICIPATE IN A DEBATE OR DISCUSSION ON THE FLOOR OF THE SANGGUNIAN.

(D) ISSUE SUBPOENA DUCES TECUM AND AD TESTIFICANDUM  
WHEN AUTHORIZED BY A RESOLUTION OF THE SANGGUNIAN CONCERNED.

**SECTION 17.** Section 60 of the Code is hereby amended to read as follows:

**Section 60. *Grounds for Disciplinary Action.*** – An elective local official may be discipline, suspended or removes from office on any of the following grounds:

(a)xxx

(b)xxx

(c)xxx

(d)xxx

(g) Application for, or acquisition of, foreign citizenship or residence or the status of an immigrant of another country; [and]

(H) FAILURE OR REFUSAL OF THE PUNONG-BARANGAY, MUNICIPAL OR CITY MAYOR, AND PROVINCIAL GOVERNOR CONCERNED TO CONVENE THE MEETINGS OF THE LOCAL DEVELOPMENT COUNCIL AND OTHER LOCAL SPECIAL BODIES IS SUBJECT TO DISCIPLINARY ACTION AS PROVIDED FOR IN THIS CODE;

[[h)] (I) Such other grounds as may be provided in this Code and other laws.

An elective local official may be removed from office on the grounds enumerated above by order of the proper court.

**SECTION 18.** Section 61 of the Code is hereby amended to read as follows:

**Section 61. *Form and Filing of Administrative Complaints.*** – [A verified] AN ADMINISTRATIVE complaint against [any erring] A local elective official [shall be prepared as follows] MUST BE VERIFIED AND FILED WITH:

(a)xxx

(b)[A complaint against any elective official of a municipality shall be filed before the sangguniang panlalawigan whose decision may be appealed to the Office of the President] THE SANGGUNIANG PANLALAWIGAN, WHOSE DECISIONS ON

QUESTIONS OF FACT IS FINAL AND EXECUTORY, WHEN THE COMPLAINT IS AGAINST AN OFFICIAL OF A COMPONENT CITY OR A MUNICIPALITY.

(c) [A complaint against any elective barangay official shall be filed before the sangguniang panlungsod or sangguniang bayan concerned whose decision shall be final and executory.] THE SANGGUNIANG PANLUNGSOD OR SANGGUNIANG BAYAN CONCERNED, WHOSE DECISION ON QUESTIONS OF FACT IS FINAL AND EXECUTORY, WHEN THE COMPLAINT IS AGAINST A BARANGAY OFFICIAL.

**SECTION 19.** Section 63 of the Code is hereby amended to read as follows:

**Section 63. Preventive Suspension.** – (a) Preventive suspension may be imposed:

(1) By the President, if the respondent is an elective official of a province, a highly urbanized or an independent component city; or MUNICIPALITY WITHIN THE METROPOLITAN MANILA AREA

(2) By the governor, if the respondent is an elective official of a component city or municipality; or

(3) By the mayor, if the respondent is an elective official of the barangay.

A LOCAL ELECTIVE OFFICIAL WHO IS CHARGED CRIMINALLY MAY BE PREVENTIVELY SUSPENDED ONLY BY THE COURT THAT HAS ACQUIRED JURISDICTION OVER THE PERSON OF THE ACCUSED. THE PREVENTIVE SUSPENSION SHALL NOT EXCEED A PERIOD OF TWO (2) MONTHS.

**SECTION 20.** Section 71 of the Code is hereby amended to read as follows:

**Section 71. Initiation of Recall.** – Upon the filing of a valid [resolution or] petition for recall with the [appropriate] PROPER local office of the Comelec, the Commission or its duly authorized representative shall set the date of the election on the recall, which shall not be later than thirty (30) days after the filing of the [resolution or] petition [for recall] in the case of [the] barangay, city, or municipal officials, and forty-five (45) days in the case of provincial officials. The official [or officials] sought to be recalled shall

automatically be considered [as] A duly registered candidate [or] candidates] to the pertinent positions[s] and other candidates, shall be entitled to be voted upon

**SECTION 21.** Section 77 of the Code is hereby amended to read as follows:

**Section 77. *Responsibility for Human Resource[s and] Development.***

- The chief executive of every local government unit shall be responsible for human resource [and] development in his unit and shall take all personnel actions [in accordance with] PURSUANT TO the Constitutional provisions [on civil service, pertinent] AND laws[, and rules and regulations thereon,] including such policies, guidelines and standards as the Civil Service Commission may [establish] PROMULGATE[: *Provided, That*]. [t]The local chief executive may employ emergency or casual employees or laborers paid on the daily wage or piecework basis and hired through job orders for local projects authorized by the sanggunian concerned, without need of approval or attestation [ made ] by the Civil Service Commission[: *Provided, further, That*] [t]The period of employment of emergency or casual laborers AND EMPLOYEES as provided in this Section shall not exceed six (6) months. WHEN A CASUAL OR CONTRACTUAL EMPLOYEE WHO HAD CONSECUTIVELY SERVED AS SUCH FOR FIVE (5) YEARS IS HIRED AGAIN, THE EMPLOYEE SHALL BE EXTENDED A PERMANENT APPOINTMENT SUBJECT TO CIVIL SERVICE LAW, RULES AND REGULATIONS.

**SECTION 22.** Section 79 of the same Code is hereby amended to read as follows:

**Section 79. *Limitation on Appointment.*** - (A) No person shall be appointed in the career service of the local government if he is related within the fourth civil degree of consanguinity or affinity to the appointing or recommending authority. THIS PROHIBITION SHALL NOT APPLY TO PROMOTIONAL APPOINTMENTS WHERE THE RELATIVES TO BE APPOINTED ARE NEXT IN RANK AND QUALIFIED TO BE APPOINTED TO THE POSITIONS CONCERNED.

(B) NO APPOINTMENT, IN A TEMPORARY CAPACITY, OR DESIGNATION AS OFFICER-IN-CHARGE, TO A VACANT REGULAR POSITION SHALL BE EXTENDED FOR MORE THAN SIXTY (60) DAYS. AT THE EXPIRATION OF THE PERIOD, THE APPOINTMENT IS DEEMED TERMINATED AND THE OFFICER NEXT IN RANK, SHALL AUTOMATICALLY ASSUME THE POSITION AS OFFICER-IN-CHARGE UNTIL A QUALIFIED REPLACEMENT IS PERMANENTLY APPOINTED.

**SECTION 23.** Section 80 of the Code is hereby amended to read as follows:

**Section 80. *Public Notice of Vacancy; Personnel Selection Board.* -**

- (a) Xxx
- (b) xxx
- (c) The personnel selection board shall be headed by the local chief executive, and its members shall be determined by resolution of the sanggunian concerned. A representative of the Civil Service Commission, if any, and the personnel officer of the local government unit concerned shall be *ex officio* members of the board.

THE POWERS AND FUNCTIONS OF THE HEAD OF THE SELECTION BOARD SHALL NOT BE DELEGATED. NO APPOINTMENT TO A PERMANENT OR TEMPORARY POSITION SHALL BE EXTENDED BY THE CHIEF EXECUTIVE WITHOUT THE ENDORSEMENT OF THE PROPER SELECTION BOARD.

THE SANGGUNIAN MAY CREATE A SELECTION BOARD FOR ITS OWN PERSONNEL, WITH ITS OFFICIAL PRESIDING OFFICER AS CHAIRMAN WITH A REPRESENTATIVE OF A CIVIL SERVICE COMMISSION AS EX-OFFICIO MEMBER.

**SECTION 24.** Section 81 of this code is hereby amended to read as follows:

**Section. 81. *Compensation of Local Officials and Employees.* -** The compensation of local officials and personnel shall be determined by the sanggunian concerned[: *Provided, That*]. [t]The increase in compensation of elective local officials shall take effect only after the terms of office of those approving such increase shall have expired[: *Provided, further, That*]. SUBJECT TO THE PROVISION ABOVE

STATED, the increase in compensation of the appointive officials and employees shall take effect as provided in the ordinance authorizing such increase[: *Provided, however,* That said]. THE increases shall not exceed the limitations on budgetary allocations for personal services provided under Title Five Book II of this Code[: *Provided, finally,* That]. [s]Such compensation SHALL [may] be based upon the pertinent provisions of Republic Act Numbered Sixty-seven fifty-eight (R.A. 6758), otherwise known as the "Compensation and Position Classification Act of 1989."

**SECTION 25. Sec. 86 of this Code is hereby amended to read as follows:**

**Section. 86. Administrative Investigation.** - In any local government units, administrative investigation may be conducted by a person or a committee duly authorized by the APPOINTING AUTHORITY [local chief executive]. Said person or committee shall conduct hearings on the cases brought against appointive local officials and employees and submit their findings and recommendations to the local chief executive concerned within fifteen (15) days from the conclusion of the hearings. The administrative cases herein mentioned shall be decided within [ninety (90)] SIXTY (60) days from the time of the FILING THEREOF [respondent is formally notified of the charges].

FAILURE OF THE OFFICIALS CONDUCTING THE INVESTIGATION TO DECIDE THE ADMINISTRATIVE CASES WITHIN SIXTY DAYS FROM THE FILING THEREOF SHALL BE A GROUND FOR THE FILING OF ADMINISTRATIVE ACTION AGAINST THEM.

**SECTION 27. Section 99 of the Code is hereby amended to read as follows:**

**Section 99. Functions of Local School Boards.** – The province, city or municipal school board shall USE THEIR SHARES OF THE SPECIAL EDUCATION FUND FOR THE DISCHARGE OF ANY OR ALL OF THE FOLLOWING FUNCTIONS:

- (a) xxx
- (b) xxx
- (c) xxx

(d) Recommend changes in the names of public schools within the territorial jurisdiction of the local government unit for enactment by the sanggunian concerned [.];

(E) PROVIDE FUNDS FOR THE ACQUISITION OF SCHOOL SITES, SCHOOL BUILDINGS, EQUIPMENT, BOOKS AND LEARNING MATERIALS AND THE LIKE, SUBJECT TO THE PERTINENT PROVISIONS OF THIS CODE;

(F) GRANT OF NON-TAXABLE MONTHLY AUGMENTATION ALLOWANCES, WHENEVER FEASIBLE; AND

(G) PROVIDE FUNDS FOR SCHOLARSHIPS AND ALLOWANCES WITH PRIORITY FOR POOR AND DESERVING STUDENTS.

The Department of Education, Culture and Sports shall consult the local school board on the appointment of division superintendents, district supervisors, school principals, and [other school officials] TEACHING PERSONNEL TO THE END THAT QUALIFIED RESIDENTS OF THE LOCAL GOVERNMENT UNIT CONCERNED SHALL BE GIVEN PRIORITY.

SUCH CONSULTATION IS PREREQUISITE TO SAID APPOINTMENTS, AND THE SECRETARY OF THE SCHOOL BOARD CONCERNED SHALL CERTIFY TO COMPLIANCE THEREWITH. FAILURE TO FOLLOW THIS PROCESS SHALL NULLIFY THE APPOINTMENT.

**SECTION 28.** Section 100 of the Code is hereby amended by adding paragraphs to read as follows:

**Section 100. Meetings and Quorum; Budget. -**

(a) xxx

(b) xxx

(c) The annual school board budget shall give priority to the following:

(1) Construction, repair, and maintenance of school buildings and other facilities of public elementary and secondary schools, SUBJECT TO THE PERTINENT PROVISIONS OF THIS CODE;

(2) Establishment and maintenance of extension classes AND NON-FORMAL EDUCATION AND TRAINING PROGRAMS where necessary; [and]

(3) HOLDING OF [S]sports activities at the division, district, municipal, and barangay levels;

**SECTION 29.** Section 102 of the Code is hereby amended to read as follows:

**Section 102. *Creation and Composition.*** – (a) There shall be established a local health board in every province, city, or municipality, [T]the composition of the local health board OF WHICH shall be as follows:

(1) The provincial health board shall be headed by the governor as chairman, the provincial health officer as vice chairman, and the chairman of the committee on health of the sangguniang panlalawigan, [a] TWO (2) representativeS from the private sector or non governmental organizations involved in health services, and a representative of the Department of Health in the province, as members;

(2) The city health board shall be headed by the city mayor as chairman, the city health officer as vice-chairman, and the chairman of the committee on health of the sangguniang panglunsod, [a] TWO representativeS from the private sector or non-governmental organizations involves in health services, and a representative of the Department of Health in the city, as members and;

(3) The municipal health board shall be headed by the municipal mayor as chairman, the municipal health officer as vice chairman of the committee on health the of sangguniang bayan, [a] TWO (2) representativeS from the private sector or non-governmental organizations involved in health services, and a representative of the Department of Health in the municipality, as members.

(b) The functions of the local health board shall be:

(1) To propose to the sanggunian concerned BY MEANS OF ARESOLUTION DULY APPROVED AND in accordance with standards and criteria set by SECTION 17 (g) OF THIS CODE AND the Department of Health, annual budgetary allocations for the operation, maintenance

and IMPROVEMENT of health facilities and services within the municipality, city or province, as the case may be;

- (2) To serve as a TECHNICAL AND an advisory committee to the sanggunian concerned AND THE LOCAL DEVELOPMENT COUNCIL on health matters such as, but not limited to, the necessity for, and application of, local appropriations for public health FACILITIES AND SERVICES [purposes]; and
- (3) Consistent with the technical and administrative standards of the Department of Health, create committees which shall GUIDE [advise] local health agencies on matters such as but not limited to, INTER-LOCAL GOVERNMENT UNIT AND LOCAL GOVERNMENT UNITS AND DEPARTMENT OF HEALTH COOPERATION AND AGREEMENTS, personnel selection and promotion, bids and awards grievance and complaints, personnel discipline, budget review, operations review and similar functions.

**SECTION 30.** Section 103 of the Code is hereby amended to read as follows:

**Section 103. Meetings and Quorum.** – (a) The Board shall meet at least once a month or as often as may be necessary.

(b) A majority of the board shall constitute a quorum, but the chairman or vice chairman must be present during meetings where budgetary proposals are [being] prepared or considered. The affirmative voteS of [all] the majority of the members shall be necessary to approve such proposals.

**SECTION 31.** Section 105 of the Code is hereby amended to read as follows:

**Section. 105. Direct National, Supervision and Control by the Secretary of Health OR THE SECRETARY OF AGRICULTURE.** - In cases of epidemics, pestilence, and other widespread public health dangers, the Secretary of Health may, upon the direction of the President, and in consultation with the local government unit concerned, temporarily assume direct supervision and control over

health operations in any local government unit for the duration of the emergency, but in no case exceeding a cumulative period of six (6) months. With the concurrence of the local government unit concerned, the period for such direct national control and supervision may be [further] extended.

IN CASES OF EPIDEMICS, PESTILENCES, AND OTHER WIDE SPREAD PUBLIC HEALTH DANGERS INVOLVING AGRICULTURE AND FISHERIES, THE SECRETARY OF AGRICULTURE MAY, UPON THE DIRECTION OF THE PRESIDENT, AND IN CONSULTATION WITH THE LOCAL GOVERNMENT UNIT CONCERNED, TEMPORARILY ASSUME DIRECT SUPERVISION AND CONTROL OVER HEALTH OPERATIONS IN ANY LOCAL GOVERNMENT UNIT FOR THE DURATION OF THE EMERGENCY, BUT IN NO CASE EXCEEDING A CUMULATIVE PERIOD OF SIX (6) MONTHS. WITH THE CONCURRENCE OF THE LOCAL GOVERNMENT UNIT CONCERNED, THE PERIOD FOR SUCH DIRECT NATIONAL CONTROL AND SUPERVISION MAY BE EXTENDED.

**SECTION 32.** Section 107 of the Code is hereby amended to read as follows:

**Section 107. *Composition of Local Development Councils.*** - The composition of the local development council shall be as follows:

(a) The barangay development council shall be headed by the punong barangay [and shall be composed of] WITH the following AS members:

(1) Members of the sangguniang barangay;

(2) Representatives of non-governmental organizations operating in the arangay, who shall constitute not less than one fourth (1/4) of the members of the fully organized councils; AND

(3) A MEMBER OF CONGRESS OR AN AUTHORIZED representative [of the congressman].

(b) The city or municipal development council shall be headed by the mayor, [and shall be composed of] WITH the following AS members:

(1) All punong barangay[s] in the city or municipality WHERE THERE ARE TWENTY (20) OR LESS BARANGAY. A CITY OR MUNICIPALITY WITH

MORE THAN TWENTY (20) BARANGAY SHALL BE ENTITLED TO TWENTY (20) REPRESENTATIVES PLUS ONE (1) REPRESENTATIVE FOR EVERY ADDITIONAL TWENTY (20) BARANGAY OR FRACTION THEREOF DULY ELECTED BY THE PUNONG BARANGAY THEMSELVES.

(2) The chairmen of the committees on appropriations AND PUBLIC WORKS of the sangguniang panlungsod or sanggunian bayan concerned;

(3) [The congressman ] A MEMBER OF CONGRESS or [his] AN AUTHORIZED representative; [and] Representatives of non-governmental organizations operating in the city or municipality, as the case may be, who shall constitute not less than one-fourth (1/4) of the members of the fully organized council. AT LEAST TWENTY FIVE PERCENT (25%) OF THE MEMBERS OF THE CITY OR MUNICIPAL DEVELOPMENT SHALL CONSTITUTE A QUORUM.

(c) The provincial development council shall be headed by the governor, [and shall be composed of the] WITH THE following AS members:

(1) All mayors of component cities and municipalities;

(2) The chair[men] of the committees on appropriations AND PUBLIC WORKS of the sangguniang panlalawigan;

(3) The congressman] ONE REPRESENTATIVE FOR EVERY MEMBER OF CONGRESS [or his representative]; and

(4) Representatives of the non-governmental organizations operating in the province, who shall constitute not less than one-fourth (1/4) of the members of the fully organized council.

THE LEAGUE OF PROVINCES, LEAGUE OF CITIES, LEAGUE OF MUNICIPALITIES AND LIGA NG MGA BARANGAY SHALL MONITOR COMPLIANCE WITH THIS SECTION BY THEIR RESPECTIVE LOCAL GOVERNMENT UNITS AND REPORT TO CONGRESS, THROUGH THE OVERSIGHT COMMITTEE ON DEVOLUTION, WITHIN NINETY (90) DAYS FROM APPROVAL OF THIS CODE, AS AMENDED, AND EVERY JANUARY THEREAFTER.

(d) xxx

**SECTION 33.** Section 108 of the Code is hereby amended to read as follows:

**Section 108. *Representation of Non-governmental Organizations.* -**

Within [a period of] sixty (60) days from the start of THE organization of local development councils, the non-governmental organizations, THROUGH THEIR RESPECTIVE FEDERATIONS OR ASSOCIATIONS, shall choose from among themselves their representatives to said councils. The local sanggunian concerned shall accredit ONLY non-governmental organizations RECOMMENDED BY THEIR RESPECTIVE FEDERATIONS OR ASSOCIATIONS, subject to such criteria as may be provided by law AND IMPLEMENTING RULES AND REGULATIONS. IN CASE THERE IS NO FEDERATION OR ASSOCIATION OF NON-GOVERNMENTAL ORGANIZATIONS IN THE LOCALITY, THE EXISTING NON-GOVERNMENTAL ORGANIZATIONS SHALL CHOOSE FROM AMONG THEMSELVES THEIR REPRESENTATIVES TO THE COUNCIL.

**SECTION 34.** Section 110 of the Code is hereby amended to read as follows:

**Section 110. *Meetings [and Quorum].* -** The local development

councils shall meet [at least once every six (6) months] FOUR (4) TIMES A YEAR: IN MARCH, JUNE, SEPTEMBER AND DECEMBER, or as often as may be necessary AND SHALL BE CONVENED BY THE PUNONG BARANGAY, MUNICIPAL OR CITY MAYOR AND PROVINCIAL GOVERNOR CONCERNED.

**SECTION 35.** Section 112 of the Code is hereby amended to read as follows:

**Section 112. *Sectoral or Functional Committees* -** The Local

Development council SHALL [may] form sectoral or functional committees WHICH SHALL INCLUDE A COMMITTEE FOR SUSTAINABLE ENVIRONMENTAL MANAGEMENT to assist them on the performance of their functions.

**SECTION 36.** Section 114 of the Code is hereby amended to read as follows:

**Section 114. *Relation of Local Development councils to the***

***Sanggunian and Regional Development Council.*** – (a) The policies, programs and

projects proposed by the local development councils shall be submitted to the sanggunian concerned for appropriate action UNLESS OTHERWISE ADOPTED THROUGH LOCAL INITIATIVE.

IF WITHIN THIRTY (30) CALENDAR DAYS THE POLICIES, PROGRAMS AND PROJECTS SUBMITTED BY THE LOCAL DEVELOPMENT COUNCIL CONCERNED ARE NOT MODIFIED OR DISAPPROVED BY THE SANGGUNIAN, THE SAME SHALL BE DEEMED APPROVED AND THE FUNDS NECESSARY FOR THEIR IMPLEMENTATION PURSUANT TO THE PRIORITIES SET OUT IN THE ANNUAL INVESTMENT PLAN SHALL THEREAFTER BE ALLOCATED BY THE SANGGUNIAN CONCERNED.

FAILURE ON THE PART OF THE SANGGUNIAN CONCERNED TO ALLOCATE FUNDS SHALL RENDER THE ANNUAL BUDGET OF THE LOCAL GOVERNMENT CONCERNED INOPERATIVE WITHOUT PREJUDICE TO THE LOCAL OFFICIALS CONCERNED BEING SUBJECTED TO ADMINISTRATIVE SANCTIONS.

The local development plans THUS approved by their respective sanggunian [may] SHALL be integrated [with] INTO the development plans of the next higher level of local development council.

**SECTION 37.** Section 115 of the Code is hereby amended to read as follows:

**Section 115. *Budget Information.*** - WITHIN JANUARY OF EVERY YEAR, [T]he Department of the Budget and Management shall furnish the various local development councils information on financial resources and budgetary allocations OF NATIONAL FUNDS FOR PROGRAMS AND PROJECTS applicable to their respective jurisdiction to guide them in their planning functions.

**SECTION 38.** Section 116 of the Code is hereby amended to read as follows:

**Section 116. *Organization.*** - There is hereby established in every province, city and municipality a local peace, LAW and order council, pursuant to Executive Order Numbered Three Hundred Nine (E.O. No. 309), as amended, Series of

1988. IN ADDITION, NOT MORE THAN TWO (2) REPRESENTATIVES ELECTED BY THE ACCREDITED NON-GOVERNMENTAL OR PEOPLES ORGANIZATIONS MAY REPRESENT THE SAID ORGANIZATIONS IN THE COUNCIL. [The local peace and order councils shall have the same composition and functions as those prescribed by the said executive order]

**SECTION 39.** Section 117 of the Code is hereby amended to read as follows:

**Section 117. *Establishment of Autonomous Special Economic Zones.*** - The establishment by law of autonomous special economic zones in selected areas of the country shall be subject to concurrence by the local government units included therein.

ALL IDENTIFIED SPECIAL ECONOMIC ZONES ENUMERATED IN SECTION 5 OF R.A. 7916, OTHERWISE KNOWN AS THE SPECIAL ECONOMIC ZONE ACT OF 1995 WHICH HAVE NOT YET BEEN OFFICIALLY ESTABLISHED UPON THE APPROVAL OF THIS ACT, SHALL BE SUBJECT TO THE PROVISION ABOVE-MENTIONED.

**SECTION 40.** Section 118 of the Code is hereby amended to read as follows:

**Section 118. *Jurisdictional Responsibility for Settlement of Boundary Dispute.*** – Boundary disputes between and among local government units shall, as much as possible, be settled amicably. To this end:

(a) xxx

(b) Boundary disputes involving two (2) or more municipalities OR COMPONENT CITIES within the same province shall be referred for settlement to the sangguniang panlalawigan concerned.

(c) Boundary disputes involving municipalities, or component cities of different provinces shall be jointly referred for settlement to the sanggunians of the provinces concerned.

(d) Boundary disputes involving a component city or municipality on the one hand and a highly urbanized city on the other, or two (2) or more highly urbanized cities, shall be jointly referred for settlement to the respective sangguniang of the parties;

(e) In the event the sanggunian fails to effect an amicable settlement within sixty (60) days from the date the dispute was referred thereto, it shall issue a certification to that effect. Thereafter, the dispute shall be formally tried by the sanggunian concerned which shall decide the issue within sixty (60) days from [the date of the] ITS RECEIPT OF THE certification referred to above.

**SECTION 41.** Section 120 of the Code is hereby amended to read as follows.

**Section 120. *Local Initiative Defined.*** - Local initiative is the legal process whereby the registered voters of a local government unit may directly propose, enact, or amend any ordinance OR RESOLUTION.

**SECTION 42.** Section 121 of the Code is hereby amended to read as follows:

**Section 121. *Who May Exercise INITIATIVE AND REFERENDUM.*** – The power of local initiative and referendum may be exercised by all registered voters of the provinces, cities, municipalities, and barangays.

**SECTION 43.** Section 122 of the is hereby amended to read as follows:

**Section 122. *Procedure in Local Initiative.*** – (a) Not less than one thousand (1,000) registered voters in case of provinces and cities, one hundred (100) in case of municipalities, and fifty (50) in case of barangays may file a petition with the sanggunian concerned proposing the adoption, enactment, repeal, or amendment of an ordinance.

(b) xxx

(c) xxx

(d) xxx

(e) Proponent shall have a (90) days in case of provinces and cities, sixty (60) days in case of municipalities, and thirty (30) days in case of barangays, from notice mentioned in subsection (b) hereof to collect the required number of signatures. AT LEAST TWO PERCENT (2%) OF THE SIGNATURES GATHERED FOR A LOCAL INITIATIVE IN PROVINCES, CITIES, OR MUNICIPALITIES SHALL COME FROM RESIDENTS OF EVERY BARANGAY THEREIN.

**SECTION 44.** Section 125 of the Code is hereby amended to read as follows:

**Section 125. *Limitations upon Sanggunians.*** – Any proposition or ordinance approved through the system of initiative and referendum as herein provided shall not be AMENDED [repealed], modified or [amended] REPEALED by the sanggunian concerned within six (6) months from the date of ITS approval. THEREAFTER THE PROPOSITION OR ORDINANCE OR RESOLUTION CONCERNED MAY BE AMENDED, MODIFIED OR REPEALED BY THE SANGGUNIAN BY THE VOTE OF THREE FOURTHS (3/4) OF ALL ITS MEMBERS. [thereof, and may be amended, modified or repealed by the sanggunian within three (3) years thereafter by a vote of three-fourths of all its members: *Provided, That*] [i]In THE case of barangays, the PROPOSITION OR ORDINANCE OR RESOLUTION CONCERNED SHALL NOT BE AMENDED, MODIFIED OR REPEALED WITHIN [period shall be] eighteen (18) months FROM [after the] ITS approval [thereof].

**BOOK TWO – LOCAL TAXATION  
AND FISCAL MATTERS**

**SECTION 45.** Section 131 of the Code is hereby amended to read as follows:

**Section 131. *Definition of Terms.*** - When used in this Title, the term:

(a) xxx

(b) xxx

(c) "Amusement Places" - ARE PLACES THAT PROVIDE AMUSEMENT OR RECREATION SUCH AS theaters, cinemas, concert halls, circuses, COUNTRY AND SPORTS CLUBS, GOLF COURSES, BEACH AND OTHER RESORTS, RECREATIONAL PARKS, COCKPITS, and other places of amusement where one seeks [admission to] entertainment [oneself] by [seeing or viewing the show] WATCHING SHOWS or performances, OR [entertain oneself] BY PARTICIPATING IN ACTIVITIES OR USING THE FACILITIES THEREAT.

(i) "Corporation" xxx

(n) "Gross Sales or Receipts" include the total amount of money or its equivalent representing the contract price, compensation or service fee, including the amount charged or materials supplied with the services and deposits or advance payments actually or constructively received during the taxable [quarter] YEAR for the services performed or to be performed for another person excluding discounts if determinable at the time of sales, sales return, excise tax, and value-added tax (VAT);

(z) "Wholesale" xxx

**SECTION 46.** Section 133, Paragraph (d), (l) and (o) of the Code are hereby amended to read as follows:

**Section 133. *Common Limitations on the Taxing Powers Of Local Government Units.*** – Unless otherwise provided herein, the exercise of the taxing powers of provinces, cities, municipalities, and barangays shall not extend to the levy of the following:

(a) xxx

(b) xxx

(d) Customs duties AND registration fees of vessel WITH TONNAGE FIVE (5) TONS AND ABOVE, [and] wharfage on wharves, tonnage dues, and all other kinds of customs fees, charges and dues except wharfage on wharves constructed, [and] maintained OR OPERATED by the local government unit concerned OR BY A PRIVATE PERSON OR ENTITY;

(e) xxx

(f) xxx

(g) xxx

(h) Excise taxes [on articles enumerated under the National Internal Revenue Code, as amended,] and OTHER taxes, fees or charges on petroleum products;

(l) Taxes[, fees or charges] for the registration of motor vehicles and for the issuance of all kinds of licenses or permits for the driving thereof except tricycles AND PUBLIC UTILITY VEHICLES OPERATING WITHIN THE PROVINCE;

(m) xxx

(n) Taxes, fees or other charges, on [Countryside and Barangay Business Enterprises and] cooperatives duly registered under [R.A. 6810 and] Republic Act Numbered Sixty-nine hundred thirty-eight (R. A. 6938) otherwise known as the "Cooperative Code of the Philippines" [respectively]; and

(o) Taxes [, fees or charges] of any kind on the [National] CENTRAL Government, its agencies and instrumentalities, and local government units[.], EXCEPT QUASI-PUBLIC CORPORATIONS, GOVERNMENT BANKS, FINANCING AND INVESTMENT INSTITUTIONS, GAMBLING AND GAMING ENTERPRISES OPERATED BY THE CENTRAL GOVERNMENT OR ITS AGENTS OR INSTRUMENTALITIES, OR CONTRACTED OUT BY IT TO FOREIGN OR DOMESTIC CORPORATIONS, INDIVIDUALS OR ENTITIES, WHICH HAVE BEEN GIVEN PERMITS BY THE LOCAL GOVERNMENT UNITS.

## Provinces

**SECTION 47.** Section 136 of the Code is hereby amended to read as follows:

**Section 136. Tax on Business of Printing and Publication.** – The province may impose a tax on the business of persons engaged in the printing and/or publication of books, cards, posters, leaflets, handbills, certificates, receipts, pamphlets, and others of similar nature, at a rate not exceeding fifty percent (50%) of one percent (1%) of the gross annual receipts for the preceding calendar year.

In the case of a newly started business, the tax shall not exceed one-twentieth (1/20) of one (1%) of the capital investment. In the succeeding calendar year, regardless of when the business started to operate, the tax shall be based on the gross receipts for the preceding calendar year, or any fraction thereof, as provided herein;

The receipts from the printing and/or publishing of books or other reading materials prescribed by the Department of Education, Culture and Sports as school texts or references shall be exempt from the tax herein imposed.

*PROVIDED*, THAT SEVENTY PERCENT (70%) OF THE PROCEEDS OF THE TAX MENTIONED IN THIS SECTION SHALL ACCRUE TO THE PROVINCE AND THIRTY PERCENT (30%) SHALL ACCRUE TO THE MUNICIPALITY WHERE THE BUSINESS IS LOCATED.

**SECTION 48.** Section 137 of the Code is hereby amended to read as follows.

**Section 137. Franchise Tax.** – Notwithstanding any exemption granted by any law or other special laws, the province may impose a tax on ANY business[es] enjoying a franchise GRANTED BY CONGRESS, A CENTRAL GOVERNMENT AGENCY OR A LOCAL GOVERNMENT UNIT, INCLUDING POWER GENERATION, TRANSMISSION AND DISTRIBUTION, TELECOMMUNICATIONS, ICE PLANTS AND STORAGE FACILITIES, LEGAL GAMBLING OR GAMING ACTIVITIES, AND OTHER SIMILAR BUSINESSES, BASED ON INCOME REALIZED WITHIN ITS TERRITORIAL JURISDICTION, at a rate not exceeding fifty percent (50%) of one percent (1%) of

the gross annual receipts for the preceding calendar year [based on the income receipt, or realized, within its territorial jurisdiction].

**SECTION 49. Section 138 of the Code is hereby amended to read as follows:**

**Section 138. Section 138. Tax on Sand, Gravel and Other Quarry Resources.** – The province may levy and collect not more than ten percent (10%) of fair market value in the locality per cubic meter of ordinary stones, sand, gravel, earth, and other resources as defined in the Internal Revenue Code, as amended, extracted from public lands or from the beds of seas, lakes, rivers, streams, creeks, and other public waters within its territorial jurisdiction.

The permit to extract sand, gravel, and other quarry resources shall be issued [exclusively] by the provincial governor [, pursuant to the ordinance of the sangguniang panlalawigan] UPON THE RECOMMENDATION OF THE MAYOR OF THE CITY OR MUNICIPALITY CONCERNED.

The proceeds of the tax on sand, gravel and other quarry resources shall be distributed as follows:

- (1) Province – Thirty percent (30%);
- (2) Component City or Municipality where the sand, gravel, and other quarry resources are extracted – Thirty percent (30%); and
- (3) Barangay where the sand, gravel, and other quarry resources are extracted – Forty percent (40%)

**SECTION 50. Section 139 of the Code is hereby amended to read as follows:**

**Section 139. Professional Tax.** (a) The province may levy an annual professional tax on each person engaged in the exercise and practice of his profession requiring government examination at such REASONABLE amount and [reasonable] classification as the sanggunian panlalawigan may PROVIDE. [determine but shall not in no case exceed Three hundred pesos (P300.00).]

**SECTION 51.** Section 141 of the Code is hereby amended to read as follows:

**Section 141. Annual Fixed Tax For Every Delivery Truck or Van of Manufacturers or Producers, Wholesalers of, Dealers, or Retailers in, Certain Products.** – (a) The province may levy an annual fixed tax for every truck, van or any vehicle used by manufacturers, producers, wholesalers, dealers, or retailers in the delivery or distribution of distilled spirits, fermented liquors, softdrinks, cigars and cigarettes, and other products as may be determined by the sangguniang panlalawigan, to sales outlets, or consumers, whether directly or indirectly, within the province [in an amount not exceeding Five hundred pesos (P500.00)].

### **Municipalities**

**SECTION 52.** Section 143 of the Code is hereby amended to read as follows:

**Section 143. Tax on Business.** – The municipality may impose taxes on ANY BUSINESS AT THE RATE NOT EXCEEDING TWO AND A HALF PERCENT (2½%) BASED ON THE GROSS SALES OR RECEIPTS IN THE PRECEDING CALENDAR YEAR.

[(a) xxx]

[(b) xxx]

[(c) On exporters, and on] IN THE CASE OF manufacturers, millers, producers, wholesalers, distributors, dealers or retailers of essential commodities enumerated hereunder, [at a] THE rate SHALL not [exceeding] EXCEED one-half (1/2) of the rates [prescribed under subsections (a), (b) and (d) of this Section] IMPOSED BY THE MUNICIPALITY IN ACCORDANCE WITH THE PRECEEDING PARAGRAPH:

(1) Rice and corn;

(2) Wheat or cassava flour, meat, dairy products, locally manufactured, processed or preserved food, sugar, salt and other agricultural, marine, and fresh water products, whether in their original state or not;

- (3) Cooking oil and cooking gas;
- (4) Laundry soap, detergents, and medicine;
- (5) Agricultural implements, equipment and post-harvest facilities, fertilizers, pesticides, insecticides, herbicides and other farm inputs;
- (6) Poultry feeds and other animal feeds
- (7) School supplies; and
- (8) Cement

IN THE CASE OF EXPORTERS, INDIRECT EXPORTERS AND EXPORT SUB-CONTRACTORS, THE RATE OF BUSINESS TAXES SHALL NOT EXCEED ONE PERCENT (1%) OF GROSS SALES OR RECEIPTS OF THE PRECEEDING YEAR.

[(d) On retailers,

With gross sales or receipts	Rate of Tax
From the preceding calendar year of:	Per Annum
P400,000.00 or less	2%
More than P400,000.00	1%

*Provided, however,* That Barangays shall have the exclusive power to levy taxes, as provided under Section 152 hereof, on gross sales or receipts of the preceding calendar year of Fifty thousand pesos (P50,000.00) or less, in the case of cities, and Thirty thousand pesos (P30,000.00) or less, in the case of municipalities.]

[(e) On contractors and other independent contractors, in accordance with the following schedule:

With gross sales or receipts for the	Amount of Tax
preceding calendar year in the amount of	Per Annum
Less than 5,000.00	27.50
P5,000.00 or more but less than 10,000.00	61.60
10,000.00 or more but less than 15,000.00	104.50
15,000.00 or more but less than 20,000.00	165.00
20,000.00 or more but less than 30,000.00	275.00
30,000.00 or more but less than 40,000.00	385.00
40,000.00 or more but less than 50,000.00	550.00

50,000.00 or more but less than 75,000.00	880.00
75,000.00 or more but less than 100,000.00	1,320.00
100,000.00 or more but less than 150,000.00	1,980.00
150,000.00 or more but less than 200,000.00	2,640.00
200,000.00 or more but less than 250,000.00	3,630.00
250,000.00 or more but less than 300,000.00	4,620.00
300,000.00 or more but less than 400,000.00	6,160.00
400,000.00 or more but less than 500,000.00	8,250.00
500,000.00 or more but less than 750,000.00	9,250.00
750,000.00 or more but less than 1,000,000.00	10,250.00
1,000,000.00 or more but less than 2,000,000.00	11,500.00
2,000,000.00 or more at a rate not exceeding fifty percent (50%) of one percent (1%)]	

[(f) On banks and other financial institutions, at a rate not exceeding fifty percent (50%) of one percent (1%) on the gross receipts of the preceding calendar year derived from interest, commissions and discounts from lending activities, income from financial leasing, dividends, rentals on property and profit from exchange or sale of property, insurance premium.]

[(g) On peddlers engaged in the sale of any merchandise or article of commerce, at a rate not exceeding Fifty pesos (P50.00) per peddler annually.]

[(h) On any business, not otherwise specified in the preceding paragraphs, which the sanggunian concerned may deem proper to tax: *Provided*, That on any business subject to the excise, value-added or percentage tax under the National Internal Revenue Code, as amended, the rate of tax shall not exceed two percent (2%) of gross sales or receipts of the preceding calendar year.]

[The sanggunian concerned may prescribe a schedule of graduated tax rates but in no case to exceed the rates prescribed herein.]

**SECTION 53. Section 152 of the Code is hereby amended to read as follows:**

**Section 152. Scope of Taxing Powers.** – The barangays may levy taxes, fees, and charges, as provided in this Article, [which] THAT shall exclusively accrue to them:

- (a) Taxes – On stores or retailers with fixed business establishments [with] HAVING gross sales or receipts [of] IN the preceding calendar year of [Fifty thousand pesos (P50,000.00)] ONE MILLION PESOS ( P1,000,000.00) or less, in the case of BARANGAYS IN cities and IN MUNICIPALITIES WITHIN METROPOLITAN MANILA AREA, AND [thirty thousand pesos (P30,000.00)] FIVE HUNDRED THOUSAND PESOS (P500,000.00) or less, in the case of BARANGAYS IN OTHER municipalities, at a rate not exceeding one percent (1%) on such gross sales or receipts.
- (b) Xxx

**SECTION 54. Sec. 155 of this Code is amended to read as follows:**

**Section 155. Toll Fees or Charges.** - The sanggunian concerned may prescribe the terms and conditions and fix the rates for the imposition of toll fees or charges for the use of any public road, pier or wharf, waterway, bridge, ferry or telecommunication system funded and constructed by the local government unit concerned: *Provided*, That no such toll fees or charges shall be collected from GOVERNMENT VEHICLES AND VEHICLES EXCLUSIVELY CARRYING officers and enlisted men of the Armed Forces of the Philippines and members of the Philippine National Police, on mission, post office personnel delivering mail, physically-handicapped, [and] disabled PERSONS AND SENIOR citizens [who are sixty-five (65) years or older].

When public safety and welfare so requires, the sanggunian concerned may discontinue the collection of the tolls, and thereafter the said facility shall be free and open for public use.

**SECTION 55. Sec. 157 of this Code is hereby amended to read as follows:**

**Section 157. Individuals Liable to Community Tax.** – Every inhabitant of the Philippines eighteen (18) years of age or over who has been regularly employed on a wage or salary basis for at least thirty (30) consecutive working days during any calendar year, or who is engaged in business or occupation, or who owns real property with an aggregate assessed value of One thousand pesos (P1,000.00) or more, or who is required by law to file an income tax return shall pay an annual community tax of Five pesos (P5.00) and an annual additional tax of One peso (P1.00) for every One thousand pesos (P1,000.00) of income regardless of whether from business, exercise of profession, EMPLOYMENT or from property which in no case shall exceed Five thousand pesos (P5,000.00)

In the case of husband and wife, the additional tax herein imposed shall be based upon the total property owned by them and the total gross receipts or earnings derived by them.

**SECTION 56. Section 159 of the Code is hereby amended to read as follows:**

**Section 159. Exemptions.** – The following are exempt from the community tax:

- (1) Diplomatic and consular representatives; [and]
- (2) Transient visitors when their stay in the Philippines does not exceed three (3) months;
- (3) DISABLED PERSONS; AND
- (4) SENIOR CITIZENS UNLESS GAINFULLY EMPLOYED OR ENGAGED IN BUSINESS AND EARNING MORE THAN SIXTY THOUSAND PESOS (P60,000) ANNUALLY.

**SECTION 57. Section 171 of the Code is hereby amended to read as follows:**

**Section 171. Examination of Books of Accounts and Pertinent BUSINESS Records [of Businessmen] by Local Treasurer.** - The provincial, city, municipal or barangay treasurer may, by himself or [through] BY any of his deputies

duly authorized in writing, examine the books, account, and other pertinent records of any person, partnership, corporation, or association subject to local taxes, fees and charges in order to ascertain, assess and collect the correct amount of tax, fees or charge. Such examination shall be made during regular business hours, only once every tax period, and shall be certified to by the examining official. Such certificate shall be made of record in the book of accounts of the taxpayer examined.

In case the examination herein authorized is made by a duly authorized deputy of the local treasurer, the written authority of the deputy concerned shall specifically state the name, address, and business of the taxpayer whose books, account, and pertinent records are to be examined, the date and place of such examination, and the procedure to be followed in conducting the same.

For this purpose, the records of the revenue district office of the Bureau of Internal Revenue shall be made available to the local treasurer, his deputy or duly authorized representative. SUCH BUSINESS RECORDS SHALL BE TREATED AS CONFIDENTIAL UNLESS OTHERWISE ORDERED BY THE COURT.

**SECTION 58. Section 188 of the Code is hereby amended to read as follows:**

**Section 188. *Publication of Tax Ordinances and Revenue Measures.***

– Within ten (10) days after their approval, certified true copies of all provincial, city, and municipal tax ordinances or revenue measures shall be published in full for three (3) consecutive days in a DAILY newspaper PUBLISHED AND CIRCULATED LOCALLY [of local circulation] OR ONCE A WEEK FOR THREE CONSECUTIVE WEEKS IN THE CASE OF A WEEKLY NEWSPAPER PUBLISHED AND CIRCULATED LOCALLY[: *Provided, however, That*]. [i]In provinces, cities, and municipalities where there are no newspapers THAT ARE PUBLISHED AND CIRCULATED LOCALLY [of local circulation], the same [may] SHALL INSTEAD be posted FOR AT LEAST ONE (1) MONTH in PROVINCIAL CAPITOLS, CITY OR MUNICIPAL HALLS, ALL BARANGAY HALLS AND OTHER [at least two (2)] conspicuous and publicly accessible places.

**SECTION 59.** Section 191 of the Code is hereby amended to read as follows:

**Section 191. Authority of Local Government Units to**

**Adjust Rates of Tax Ordinances.** Local government units shall have the authority to adjust the tax rates as prescribed herein not oftener than once every five (5) years, but in no case shall such adjustment exceed ten percent (10%) of the rates fixed under this Code.

IN THE CASE OF FIXED TAXES PRESCRIBED IN THIS CODE, THE MAXIMUM ALLOWABLE RATE MAY BE ADJUSTED NOT MORE THAN ONCE EVERY THREE (3) YEARS BASED ON THE AVERAGE ANNUAL INFLATION RATE AS CERTIFIED BY THE NATIONAL STATISTICS OFFICE.

**SECTION 60.** Section 195 of the Code is hereby amended to read as follows:

**Section 195. Protest of Assessment.** – When the local treasurer or his duly authorized representative finds that correct taxes, fees, or charges have not been paid, he shall issue a notice of assessment stating the nature of the tax, fee or charge, the amount of deficiency, the surcharges, interests and penalties. Within sixty (60) days from the receipt of the notice of assessment, the taxpayer may file a written protest with the local treasurer contesting the assessment; otherwise, the assessment shall become final and executory. The local treasurer shall decide the protest within [sixty (60)] THIRTY (30) days from the time of its filing. If the local treasurer finds the protest to be wholly or partly meritorious, he shall issue a notice canceling wholly or partially the assessment. However, if the local treasurer finds the assessment to be wholly or partly correct, he shall deny the protest wholly or partly with notice to the taxpayer. The taxpayer shall have thirty (30) days from the receipt of the denial of the protest or from the lapse of the [sixty (60)] THIRTY (30) day period prescribed herein within which to appeal with the court of competent jurisdiction otherwise the assessment becomes conclusive and unappealable.

**SECTION 61. Section 199 of this Code is hereby amended to read as**

**follows:**

***Section 199. Definition of Terms.***

(a) xxx

(b) xxx

Xxx

(o) "Machinery" embraces machines, equipment, mechanical contrivances, instruments, appliances or apparatus which may or may not be attached permanently or temporarily, to the real property. It includes the physical facilities for production, the installations and appurtenant service facilities, those which are mobile, self-powered or self-propelled, and those not permanently attached to the real property which are actually, directly, and exclusively used to meet the needs of the particular industry, business or activity and which by their very nature and purpose are designed for or necessary to its manufacturing, mining, logging, commercial, industrial or agricultural purposes.

**SECTION 62. Section 204 of the Code is hereby amended to read as follows:**

***Section 204. Declaration of Real Property by the Assessor.*** - When any person, natural or juridical, by whom real property is required to be declared under Section 202 hereof, refuses or fails for any reason to make such declaration within the time prescribed, the [provincial,] city or municipal assessor shall himself declare the property in the name of the defaulting owner, if known, or against an unknown owner, as the case may be, and shall assess the property for taxation in accordance with the provision of this Title. No oath shall be required of a declaration thus made by the [provincial,] city or municipal assessor.

**SECTION 63. Section 205 of the Code is hereby amended to read as follows:**

***Section 205. Listing of Real Property in the Assessment Rolls.*** (a) In every [province and] city [, including the] AND municipalit[ies]Y [within the Metropolitan

Manila Area,] there shall be prepared and maintained by the [provincial,] city or municipal assessor an assessment roll wherein shall be listed all real property, whether taxable or exempt, located within the territorial jurisdiction of the local government unit concerned. Real property shall be listed, valued and assessed in the name of the owner or administrator, or anyone having legal interest in the property. THE PROVINCIAL ASSESSOR SHALL CONSOLIDATE THE ASSESSMENT ROLLS OF THE MUNICIPALITIES WITHIN THE PROVINCE.

(b) xxx

(c) xxx

**SECTION 64.** Section 206 of this Code is hereby amended to read as follows:

***Section 206. Proof of Exemption of Real Property from Taxation. –***

Every person by or for whom real property is declared, who shall claim tax exemption for such property under this Title shall file with the [provincial,] city or municipal assessor within thirty (30) days from the date of the declaration of real property sufficient documentary evidence in support of such claim including corporate charters, title of ownership, articles of incorporation, bylaws, contracts, affidavits, certifications and mortgage deeds, similar documents.

If the required evidence is not submitted within the period herein prescribed, the property shall be listed as taxable in the assessment roll. However, if the property shall be proven to be tax exempt, the same shall be dropped from the assessment roll.

**Section 65.** Section 207 of this Code is hereby amended to read as follows:

***Section 207. Real Property Identification System.*** - All declarations of real property made under the provisions of this Title shall be kept and filed BY THE PROVINCIAL, CITY OR MUNICIPAL ASSESSOR under a uniform classification system [to be established] DEFINED by the [provincial, city or municipal assessor] DEPARTMENT OF FINANCE PURSUANT TO THE PROVISIONS OF THIS CODE.

**SECTION 66.** Section 208 of the Code is hereby amended to read as follows:

***SECTION 208. Notification of Transfer of Real Property Ownership.*** -

Any person who shall transfer real property ownership to another shall notify the [provincial,] city or municipal assessor concerned within sixty (60) days from the date of such transfer. The notification shall include the mode of transfer, the description of the property alienated, the name and address of the transferee.

**SECTION 67.** Section 213 of the Code is hereby amended to read as follows:

***Section 213. Authority of Assessor to Take Evidence.*** – For the purpose of obtaining information on which to base the market value of any real property, the assessor of the [province,] city or municipality or his deputy may summon the owners of the properties to be affected or persons having legal interest therein and witnesses, administer oaths, and take deposition concerning the property, its ownership, amount, nature, and value.

**SECTION 68.** Section 215 of this Code is hereby amended to read as follows:

***Section 215. Classes of Real Property for Assessment Purposes.*** For purposes of assessment, real property shall be classified as residential, agricultural, commercial, industrial, mineral, timberland or special.

[The] Cit[ies] [or] AND municipalit[ies] [within the Metropolitan Manila Area], through their respective sanggunian shall have the power to classify lands as residential, agricultural, commercial, industrial, mineral, timberland, or special in accordance with their zoning ordinances.

PROVINCES SHALL HAVE THE SAME POWER TO CLASSIFY LANDS ON THE BASIS OF THE ZONING ORDINANCES OF THEIR COMPONENT CITIES AND MUNICIPALITIES.

**SECTION 69.** Section 218, paragraph (b), sub-paragraph (1) is hereby amended to read as follows:

***Section 218. Assessment Levels.*** – The assessment levels to be applied to the fair market value of real property to determine its assessed value shall be fixed by

ordinances of the sangguniang panlalawigan, sangguniang panlungsod or sangguniang bayan of a municipality [within the Metropolitan Manila area,] at the rate not exceeding the following:

(a) On lands:

CLASS	ASSESSMENT LEVELS
Residential	20%
Agricultural	40%
Commercial	50%
Industrial	50%
Mineral	50%
RECREATIONAL	50%
Timberland	20%

(b) On Buildings and Other Structures:

(1) Residential

Fair Market Value

Over	Not Over	Assessment Levels
	[P175,000.00]P500,000.00	0%
[P175,000.00]500,000.00	[P300,000.00]P750,000.00	10%
[P300,000.00]750,000.00	[P500,000.00]P850,000.00	20%
[P500,000.00]850,000.00	P1,000,000.00	30%

xxxx

xxxx

**SECTION 70.** Section 219 of the Code is hereby amended to read as follows:

**Section 219. General Revision of Assessment and Property**

**Classification.** - The provincial, city or municipal assessor shall undertake a general revision of real property assessments within two (2) years after the effectivity of this [Code] ACT and every [three (3)] SIX (6) years thereafter.

**SECTION 71.** Section 220 of the Code is hereby amended to read as follows:

**Section 220. Valuation of Real Property.** – In cases where (a) real property is declared and listed for taxation purposes for the first time; (b) there is an ongoing general revision of property classification and assessment; or (c) a request is made by the person in whose name the property is declared, the provincial, city or municipal assessor or his duly authorized deputy shall, in accordance with the provision of this Chapter, make a classification, appraisal and assessment of the real property listed and described in the declaration irrespective of any previous assessment or taxpayer's valuation thereon; Provided, however, That the assessment of real property shall not be increased oftener than once every [three (3)] SIX (6) years except in case of new improvements substantially increasing the value of said property or of any change in its actual use.

**SECTION 72.** Section 223 of the Code is hereby amended to read as follows:

**Section 223. Notification of New or Revised Assessment.** – When real property is assessed for the first time or when an existing assessment is increased or decreased, the [provincial,] city or municipal assessor shall within thirty (30) days give written notice of such new or revised assessment to the person in whose name the property is declared. The notice may be delivered personally or by registered mail or through the assistance of the punong barangay to the last known address of the person to be served.

**SECTION 73.** Section 227 of the Code is hereby amended to read as follows:

**Section 227. Organization, Powers, Duties and Functions of the Local Board of Assessment Appeals.** -(a) The Board of Assessment Appeal of the provinces or city shall be composed of the Registrar of Deeds, as Chairman, the CHIEF OF THE provincial or city [prosecutor] PUBLIC ATTORNEY OFFICE, and PROVINCIAL OR city engineer, as members, who shall serve as such in an ex-officio capacity without additional compensation.

(a) xxx

(b) xxx

(d) In provinces and cities without a provincial or city engineer, the district engineer shall serve as member of the Board. In the absence of the Registrar of Deeds, or the CHIEF OF THE provincial or city PUBLIC ATTORNEY OFFICER [prosecutor], or the provincial or city engineer, or the district engineer, the persons performing their duties, whether in an acting capacity or as duly designated officer-in-charge shall automatically become the chairman or member respectively, of the said Board, as the case maybe.

**SECTION 74.** Section 229 of the Code is hereby amended to read as follows:

***Section 229. Action by the Local Board of Assessment Appeals.*** – (a)

The Board shall decide the appeal within [one hundred twenty (120)] SIXTY (60) days from the date of receipt of such appeal. The Board, after hearing, shall render its decision based on substantial evidence or such relevant evidence on record as a reasonable mind might accept as adequate to support the conclusion.

(b) xxx

(c) The secretary of the Board shall furnish the owner of the property or the person having legal interest therein and the [provincial or] city OR MUNICIPAL assessor with a copy of the decision of the Board. In case the [provincial or] city OR MUNICIPAL assessor concurs in the revision or the assessment, it shall be his duty to notify the owner of the property or the person having legal interest therein of such fact using [the] A form prescribed for the purpose. The owner of the property or the person having legal interest therein or the assessor who is not satisfied with the decision of the Board may, within [thirty (30)] FIFTEEN (15) days after receipt of the decision of said Board, appeal to the Central Board of Assessment Appeals, as herein provided. The decision of the Central Board OF ASSESSMENT APPEAL shall be final and executory. IT HAS ONE HUNDRED TWENTY (120) DAYS TO DECIDE THE APPEAL FROM THE DATE OF THE RECEIPT THEREOF.

**SECTION 75.** Section 230 of the Code is hereby amended to read as follows:

**Section 230. *Central Board of Assessment Appeals.*** The Central Board Assessment Appeals shall be composed of a chairman and two members to be appointed by the President, who shall serve for a term of seven years, without reappointment. Of those first appointed, the chairman shall hold office for seven years, one member for five years, and the other member for three years. Appointment to any vacancy shall only be for the unexpired portion of the term of the predecessor. In no case shall any member be appointed or designated in temporary or acting capacity. The chairman and the members of the Board shall be Filipino citizen, at least forty years old at the time of their appointment, and members of the Bar or Certified Public Accountant for at least ten (10) years immediately preceding their appointment. The Chairman of the Board of Assessment Appeal shall have the salary grade equivalent to the rank of Director [III] IV under the Salary Standardization Law exclusive of allowances and other emoluments. The members of the Board shall have the salary grade equivalent to the rank of Director [II] III under the Salary Standardization Law exclusive of allowances and other emoluments. The Board shall have appellate jurisdiction over all assessment cases decided by the Local Board of Assessment Appeals.

There shall be Hearing Officer to be appointed by the Central Board of Assessment Appeals pursuant to civil service law, rules and regulations, one each for Luzon, Visayas and Mindanao, who shall hold office in Manila, Cebu and Cagayan de Oro City, respectively, and who shall serve for a term of six (6) years, without reappointment until their successor have been appointed and qualified. The hearing Officer shall have the same qualifications as that of the Judges of the Municipal Trial Court.

The Hearing Officer shall have the salary grade equivalent to the rank of Director [I] II under the Salary Standardization Law exclusive of allowances and other emoluments.

**SECTION 76.** Section 232 of this Code is hereby amended to read as follows:

**Section 232. Power to Levy Real Property Tax.** - A province or city or a municipality within the Metropolitan Manila Area may levy an annual *ad valorem* tax on real property such as land, building, machinery, and other improvement not hereinafter specifically exempted. IN THE CASE OF A LEVY IMPOSED BY THE PROVINCE, SHALL BE GUIDED BY THE INCOME CLASSIFICATION OF THE MUNICIPALITIES WITHIN THE PROVINCE.

**SECTION 77.** Section 271 of the Code is hereby amended to read as follows:

**Section 271. Distribution of Proceeds.** - The proceeds of the basic real property tax, including interest thereon, and proceeds from the use, lease or disposition, sale or redemption of property acquired at a public auction, in accordance with the provisions of this Title, by the province, or city or a municipality within the Metropolitan Manila Area shall be distributed as follows:

(a) In the case of provinces:

- (1) Province – Thirty[-five] percent [(35%)](30%) shall accrue to the general fund;
- (2) Municipality – Forty-FIVE percent [(40%)](45%) to the general fund of the municipality where the property is located; and
- (3) Barangay - Twenty-five percent (25%) shall BE DISTRIBUTED [accrue] to THE COMPONENT barangay [where the property is located] IN THE FOLLOWING MANNER:[.]
  - (I) SIXTY PERCENT (60%) SHALL ACCRUE TO THE BARANGAY WHERE THE PROPERTY IS LOCATED;
  - (II) FORTY PERCENT (40%) SHALL ACCRUE EQUALLY TO ALL OTHER BARANGAYS OF THE MUNICIPALITY.

(b) In the case of cities:

- (1) Seventy percent (70%) shall accrue to the general fund of the city; and

(2) Thirty percent (30%) shall be distributed among the component barangays of the cities [where the property is located] in the following manner:

(i) Fifty percent (50%) shall accrue to the barangay where the property is located;

(ii) Fifty percent (50%) shall accrue equally to all component barangays of the city.

(c) In the case of a municipality within the Metropolitan Manila Area:

(1) The Metropolitan Manila Authority- Thirty-five percent (35%) shall accrue to the general fund of the Metropolitan Manila Authority;

(2) Municipality – Thirty-five percent (35%) shall accrue to the general fund of the municipality where the property is located;

(3) Barangays Thirty percent (30%) shall be distributed among the component barangays of the municipality [where the property is located] in the following manner:

(i) Fifty percent (50%) shall accrue to the barangay where the property is located; and

(ii) Fifty percent (50%) shall accrue equally to all THE OTHER component barangays of the municipality.

(d) The share of each barangay shall be released without need of any further action directly to the barangay treasurer on a quarterly basis, within five (5) days after the end of each quarter, and shall not be subject to any lien or holdback for whatever purpose.

**SECTION 78.** Section 272 of the Code is hereby amended to read as follows:

**Section 272. *Application of the Proceeds of the Additional One Percent SEF Tax.*** – The proceeds from the additional one percent (1%) tax on real property accruing to the Special Education Fund (SEF) shall be automatically released to the local school boards[: *Provided, That,*]. [i]In THE case of provinces, FORTY PERCENT (40%) OF the proceeds shall [be divided equally between] ACCRUE TO the

provincial SCHOOL BOARDS and SIXTY PERCENT (60%) TO THE municipal school boards: *Provided, [however,]* That the proceeds shall be allocated for the operation and maintenance of public schools, construction and repair of school buildings, facilities and equipment, educational researches, purchase of books and periodicals, [and] sports development, AND ALLOWANCES FOR TEACHING AND NON-TEACHING PERSONNEL, as determined and approved by the [ ]Local [s]School [b]Boards.

**SECTION 79.** Section 273 of the Code is hereby amended to read as follows:

**Section 273. *Proceeds of Tax on Idle Lands.*** - The proceeds of the additional real property tax on idle lands shall [accrue to the respective general fund of the province, or, city, where the land is located. In the case of a municipality within the Metropolitan Manila Area, the proceeds shall accrue equally to the Metropolitan Manila Authority and the municipality here the land is located] BE DISTRIBUTED AS FOLLOWS:

(A) IN THE CASE OF PROVINCES:

- 1) PROVINCE - THIRTY PERCENT (30%) SHALL ACCRUE TO THE GENERAL FUND;
- 2) MUNICIPALITY – FORTY-FIVE PERCENT (45%) TO THE GENERAL FUND OF THE MUNICIPALITY WHERE THE PROPERTY IS LOCATED; AND
- 3) BARANGAY – TWENTY-FIVE PERCENT (25%) SHALL BE DISTRIBUTED TO THE COMPONENT BARANGAY OF THE MUNICIPALITY IN THE FOLLOWING MANNER:
  - (I) SIXTY PERCENT (60%) SHALL ACCRUE TO THE BARANGAY WHERE THE PROPERTY IS LOCATED;
  - (II) FORTY PERCENT (40%) SHALL ACCRUE EQUALLY TO ALL OTHER BARANGAYS OF THE MUNICIPALITY.

(B) IN THE CASE OF CITIES:

- (1) SEVENTY PERCENT (70%) SHALL ACCRUE TO THE GENERAL FUND OF THE CITY; AND

(1) THIRTY PERCENT (30%) SHALL BE DISTRIBUTED AMONG THE COMPONENT BARANGAYS OF THE CITY IN THE FOLLOWING MANNER:

(I) FIFTY PERCENT (50%) SHALL ACCRUE TO THE BARANGAY WHERE THE PROPERTY IS LOCATED;

(II) FIFTY PERCENT (50%) SHALL ACCRUE EQUALLY TO ALL OTHER BARANGAYS OF THE CITY.

(C) IN THE CASE OF A MUNICIPALITY WITHIN THE METROPOLITAN MANILA AREA:

(1) MUNICIPALITY – SEVENTY PERCENT (70%) SHALL ACCRUE TO THE GENERAL FUND OF THE MUNICIPALITY WHERE THE PROPERTY IS LOCATED;

(2) BARANGAYS – THIRTY PERCENT (30%) SHALL BE DISTRIBUTED AMONG THE COMPONENT BARANGAYS OF THE MUNICIPALITY IN THE FOLLOWING MANNER:

(I) FIFTY PERCENT (50%) SHALL ACCRUE TO THE BARANGAY WHERE THE PROPERTY IS LOCATED; AND

(II) FIFTY PERCENT (50%) SHALL ACCRUE EQUALLY TO ALL THE OTHER COMPONENT BARANGAYS OF THE MUNICIPALITY.

**SECTION 80.** Section 284 of the Code is hereby amended to read as follows:

**Section 284. [Allotment] SHARE of [Internal Revenue] NATIONAL Taxes.** – UPON APPROVAL OF THIS CODE, AS AMENDED, [L]local government units [shall have a] ARE ENTITLED TO A FIFTY PERCENT (50%) share [in the] OF national [internal revenue] taxes based on the collection of the third fiscal year preceding the current fiscal year [as follows:].

[(a) On the first year of the effectivity of this Code, thirty percent (30%);

(b) On the second year, thirty-five percent (35%); and

(c) On the third year and thereafter, forty percent (40%);

*[Provided,* That in the event that the National Government incurs an unmanageable public sector deficit, the President of the Philippines is hereby authorized, upon the recommendation of the Secretary of Finance, Secretary of Interior and Local Government, and Secretary of Budget and Management, and subject to consultations with the presiding officers of both Houses of the Congress and the Presidents of the Liga, to make the necessary adjustments in the internal revenue allotment of local government units, but in no case shall the allotment be less than thirty percent (30%) of the collection of the internal revenue taxes the third fiscal year preceding the current fiscal year. *Provided, further,* That in the first year of the effectivity of this Code, the local government units shall, in addition to the thirty percent (30%) internal revenue allotment which shall include the cost of devolved functions for essential public services, be entitled to receive the amount equivalent to the cost of devolved personal services.]

**SECTION 81.** Section 285 of the Code is hereby amended to read as follows:

**Section 285. Allocation to Local Government Units.** – The share of local government units in the [internal revenue] NATIONAL TAXES [allotment], WHICH IS AUTOMATICALLY APPROPRIATED AND OBLIGATED, shall be allocated in the following manner:

- (a) Provinces - Twenty-three percent (23%);
- (b) Cities - Twenty-[three] ONE percent [(23%)] (21%);
- (c) Municipalities - Thirty-[four] SIX percent [(34%)] (36%); and
- (d) Barangay[s] - Twenty percent (20%)

*Provided,* however, That the share of each province, city and municipality shall be determined on the basis of the following formula:

- (a) Population - Fifty percent (50%)
- (b) Land Area – Twenty-five percent (25%)
- (c) Equal sharing – Twenty-five percent (25%)

**SECTION 82.** Section 286 of the Code is hereby amended to read as follows:

**Section 286. *Automatic Release of Shares.*** – (a) The share of each local government unit shall be released without need of any further action, directly to the provincial, city, municipal or barangay treasurer, as the case may be, on a MONTHLY OR quarterly basis within five (5) days after the end of each MONTH OR quarter [, and which ].

(B) SAID SHARE shall not be subject to any lien, or holdback that may be imposed by the [national] CENTRAL government for whatever purpose.

[(b)](C) Nothing in this Chapter shall be understood to diminish the share of local government units under existing laws.

**SECTION 83.** Section 287 of the Code is hereby amended to read as follows:

**Section 287. *Local Development Projects.*** – Each local government unit shall appropriate in its annual budget no less than [twenty percent (20%)] THIRTY PERCENT (30%) of its annual [internal revenue] NATIONAL TAX [allotment] SHARE for development projects. *PROVIDED, HOWEVER, THAT AT LEAST THIRTY PERCENT (30%) OF WHICH SHALL BE APPROPRIATED FOR THE DEVELOPMENT OF COASTAL RESOURCES OF CITIES AND MUNICIPALITIES CONCERNED, IN ACCORDANCE WITH THE ANNUAL INVESTMENT PROGRAM EMBODIED IN THE LOCAL DEVELOPMENT PLAN PREPARED BY THE LOCAL DEVELOPMENT COUNCIL AND APPROVED BY THE SANGGUNIANG CONCERNED. [Copies of the development plans of the local government units shall be furnished the Department of Interior and Local Government.]*

**SECTION 84.** Section 289 of this Code is hereby amended to read as follows:

**Section 289. *Share in the Proceeds from the Development and Utilization of the National Wealth.*** Local government units shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas, including sharing the same with the inhabitants by way of direct benefits.

NATIONAL WEALTH SHALL BE DEFINED AS ALL NATURAL RESOURCES SITUATED WITHIN THE TERRITORIAL JURISDICTION OF THE REPUBLIC INCLUDING BUT NOT LIMITED TO LANDS OF PUBLIC DOMAIN, WATERS, MINERALS, POTENTIAL ENERGY SOURCES, GAS AND OIL DEPOSITS, FOREST PRODUCTS, FLORA AND FAUNA, FISHERY AND AQUATIC RESOURCES, ALL QUARRY PRODUCTS, AND OTHER RESOURCES WHICH CAN BE EXTRACTED OR UTILIZED.

**SECTION 85.** Section 290 of the Code is hereby amended to read as follows:

**Section 290. *Amount of Share of Local Government Units.*** – [Local government units shall, I]In addition to their SHARE OF THE [internal revenue] NATIONAL TAXES, LOCAL GOVERNMENT UNITS SHALL [allotment] have a share of [forty percent (40%)] SIXTY PERCENT (60%) of the gross collection derived by the National Government [from] IN the preceding fiscal year from mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related surcharges, interests, or fines, and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.

**SECTION 86.** Section 294 of the Code is hereby amended to read as follows:

**Section 294. *Development and Livelihood Projects.*** - The proceeds from the share of local government units pursuant to this chapter shall be appropriated by their respective sanggunian to finance development and livelihood projects[: *Provided, however, That*]. [e]Eighty percent (80%) of the proceeds derived from the development and utilization of hydro-thermal, geothermal, and other sources of energy shall be applied [solely] to lower the cost of electricity AND TO FINANCE DEVELOPMENT PROJECTS in the local government unit where [such a] THE source of energy is located.

**SECTION 87.** Section 296 of the Code is hereby amended to read as follows:

**Section 296. *General Policy.* -**

(a) It shall be the basic policy that any local government unit may create indebtedness, and avail of credit facilities to finance local infrastructure and other socio-economic development projects in accordance with the approved local development plan and public investment program.

(b) A local government unit may avail of credit lines from [government or private banks] ANY BANK and OTHER lending institutions AUTHORIZED BY THE BANGKO SENTRAL NG PILIPINAS, for the purpose of stabilizing local finances.

**SECTION 88.** Section 297 of the Code is hereby amended to read as follows:

**Section 297. *Loans, Credits, and Other Forms of Indebtedness of Local Government Units.* –**

(a) A local government unit may [contract] SECURE loans, credits, GUARANTEES and other forms of indebtedness with any government or domestic private bank, and other lending institutions, to finance the construction, installation, improvement, expansion, operation, or maintenance of public facilities, infrastructure facilities, housing projects, [the] acquisition of real property, and [the] implementation of other capital investment projects, subject to such terms and conditions as may be agreed upon by the local government unit and the lender. The proceeds from such transactions shall accrue directly to the local government unit concerned.

(b) xxx

(c) Government financial and other lending institutions are hereby authorized to grant loans, credits, and other forms of indebtedness out of their loanable funds to local government units for purposes specified above.

GOVERNMENT FINANCING INSTITUTIONS SHALL OPEN APPROPRIATE LENDING WINDOWS FOR LOCAL GOVERNMENT UNITS. THESE FINANCIAL INSTITUTIONS SHALL LEND TO FOURTH, FIFTH AND SIXTH CLASS MUNICIPALITIES, CITIES AND PROVINCES AT CONCESSIONAL RATES.

(D) THE LOCAL GOVERNMENT UNIT CONCERNED SHALL PUBLISH ALL LOANS APPLIED FOR, SPECIFYING THE AMOUNT TO BE BORROWED, THE PROJECT TO BE FUNDED, THE SECURITY OFFERED, AND THE TERMS OF PAYMENT IN A NEWSPAPER OF LOCAL CIRCULATION, IF ANY OR IF THERE IS NONE, IN A NEWSPAPER OF GENERAL CIRCULATION IN THE PROVINCE, CITY, MUNICIPALITY OR BARANGAY CONCERNED. THE PUBLICATION SHALL BE DONE IN THREE (3) CONSECUTIVE ISSUES OF A DAILY NEWSPAPER.

UPON THE FILING OF THE LOAN, THE PROVINCIAL GOVERNMENT CONCERNED SHALL CAUSE THE POSTING OF THE LOAN APPLICATION IN ALL THE CITY OR MUNICIPAL HALLS OF THE PROVINCE. IN THE CASE OF A CITY OR MUNICIPALITY, THE LOAN APPLICATION SHALL BE POSTED IN ALL BARANGAY HALLS AND IN THE MUNICIPAL OR CITY HALL CONCERNED.

IN THE CASE OF THE BARANGAY, THE LOAN APPLICATION SHALL BE POSTED IN THE BARANGAY HALL AND IN CONSPICUOUS AND PUBLICLY ACCESSIBLE PLACES.

FAILURE TO COMPLY WITH THIS PROVISION WILL SUBJECT THE LOCAL EXECUTIVE CONCERNED TO DISCIPLINARY ACTION UNDER SECTION 60 OF THIS CODE.

**SECTION 89.** Section 299 of the Code is hereby amended to read as follows:

**Section 299. *Bonds and Other Long-Term Securities.*** Subject to the rules and regulations of the Central Bank and the Securities and Exchange Commission, provinces, cities, and municipalities are hereby authorized to issue bonds, debentures, securities, collateral[s], notes and other obligations to finance self-liquidating, income-producing development or livelihood projects pursuant to the priorities established in the approved local development plan or the public investment program. The sanggunian concerned shall, through an ordinance approved by a majority of all its members, declare and state the terms and conditions of the bonds and the purpose for which the proposed indebtedness is to be incurred.

THE SANGGUNIAN CONCERNED MAY EXEMPT SAID BONDS, DEBENTURES, SECURITIES, COLLATERAL, NOTES AND OTHER OBLIGATIONS FROM LOCAL TAXES.

**SECTION 90.** Section 302 of the Code is hereby amended to read as follows:

**Section 302. *Financing, Construction, Maintenance, Operation, and Management of Infrastructure AND OTHER DEVELOPMENT Projects by the Private Sector.* –**

(a) Local government units may enter into contracts with any [duly pre-] qualified [ individual contractor, ] PROJECT PROPONENT INCLUDING COOPERATIVES AND NON-GOVERNMENT ORGANIZATIONS for the financing, construction, operation, MANAGEMENT, PROVISIONING and/OR maintenance of any financially viable [infrastructure] DEVELOPMENT PROJECT [ facilities ] under the build-operate-and-transfer agreement AND/ OR ITS VARIANTS, OR UNDER CONTRACT OF MANAGEMENT, SERVICE, LEASE, CONCESSION, JOINT VENTURE, OR COMBINATION THEREOF, OR UNDER ANY OTHER PRIVATE SECTOR PARTICIPATION ARRANGEMENT, AS PROVIDED FOR UNDER R.A. 6957, AS AMENDED, [subject to the applicable provisions of Republic Act Numbered Sixty-nine hundred fifty seven ( R.A. 6957 ) authorizing the financing, construction, operation and maintenance of infrastructure projects by the private sector and the rules and regulations issued thereunder and such terms and conditions provided in this Section. ]

ALL PROJECTS IMPLEMENTED UNDER THIS SECTION SHALL BE SUBJECT TO THE FOLLOWING TERMS AND CONDITIONS:

(1) NO APPROVAL BY ANY NATIONAL GOVERNMENT AGENCY, OFFICE OR INSTRUMENTALITY IS REQUIRED FOR IMPLEMENTATION OF THE PROJECT, REGARDLESS OF ITS COST, UNDER WHATEVER PRIVATE SECTOR PARTICIPATION AGREEMENT, OR WHETHER INVOLVING ONE OR MORE LOCAL GOVERNMENT UNITS.

WHERE THE PROJECT INVOLVES TWO OR MORE LOCAL GOVERNMENT UNITS, THE APPROVAL BY ITS RESPECTIVE SANGGUNIAN IS REQUIRED.

FOR PROJECTS JOINTLY PURSUED BY ONE OR MORE LOCAL GOVERNMENT UNITS AND THE NATIONAL GOVERNMENT, OR ITS AGENCIES OR INSTRUMENTALITIES, THE APPROVAL BY THE INVESTMENT COORDINATING COMMITTEE (ICC) OF THE NATIONAL ECONOMIC AND DEVELOPMENT AUTHORITY (NEDA) SHALL BE REQUIRED.

ALL PROJECT PROPOSALS SHALL FIRST UNDERGO THE PROCESS REQUIRED UNDER SECTION 114 OF THIS CODE.

(2) ONLY THE APPROVAL OF THE SANGGUNIAN CONCERNED IS REQUIRED FOR LOCALLY FUNDED PROJECTS IMPLEMENTED THROUGH COMPETITIVE PUBLIC BIDDING, INCLUDING TOLLS, CHARGES, RENTALS OR FEES, AND ADJUSTMENTS THEREON, FOR THE USE OF SAID PROJECTS OR FACILITIES. THE AGREEMENT OF THE PARTIES IMPLEMENTING THE PROJECTS MAY DEFINE THE NATURE AND EXTENT OF SAID ADJUSTMENTS.

(3) TOLLS, CHARGES, RENTALS OR FEES, INCLUDING ADJUSTMENTS THEREON, FOR THE USE OF PROJECTS OR FACILITIES SUBJECT TO NEGOTIATED CONTRACTS SHALL REQUIRE APPROVAL BY THE SANGGUNIAN CONCERNED.

(4) LOCAL GOVERNMENT UNITS IMPORTING HEAVY EQUIPMENT AND MACHINERY ARE EXEMPT FROM PAYMENT OF DUTIES, TAXES OR CHARGES FOR IMPLEMENTING DEVELOPMENT PROJECTS.

(5) THE REQUIREMENTS OF CONSULTATION PROVIDED FOR UNDER SECTIONS 2 (D), 26 AND 27 SHALL BE COMPLIED WITH.

(b) Local government units shall include in their respective local development plans and public investment programs priority projects that may be financed, constructed, operated and maintained by the private sector under this Section. It shall

be the duty of the local government unit concerned to disclose to the public all projects eligible for financing under this Section, including official notification of duly registered contractors AND SUPPLIERS OF GOODS AND SERVICES and publication in newspapers of general or local circulation, in conspicuous and accessible public places. Local projects under the build-operate-transfer agreement shall be confirmed by the local development councils.

(c)xxx

**SECTION 91.** Section 305 of the Code is hereby amended to read as follows:

**Section 305 – Fundamental Principles** – The financial affairs, transactions, and operations of local government units shall be governed by the following fundamental principles:

(a) xxx

(b) xxx

(f) Every officer of the local government unit whose duties permit or require the possession or custody of local funds shall be properly bonded EQUIVALENT TO THE AMOUNT HE/SHE IS AUTHORIZED TO KEEP OR HOLD, and such officer shall be accountable and responsible for said funds and for the safekeeping thereof in conformity with the provisions of law;

**SECTION 92.** Section 311 of the Code is hereby amended to read as follows:

**Section 311. *Depository Account.*** – Local treasurers shall maintain depository accounts in the name of their respective local government units with banks DULY AUTHORIZED BY THE BANGKO SENTRAL NG PILIPINAS [, preferably government –owned] PREFERABLY NEAREST TO THE SEAT OF ITS GOVERNMENT. [located in or nearest to their respective areas of jurisdiction.] Earnings of each depository account shall accrue exclusively thereto.

**SECTION 93.** Section 314 (b)(1) of the Code is hereby amended to read as follows:

**Section 314. Form and Content.** - (a) Local government budgets shall primarily consist of two (2) parts:

(1) xxxx

(2) xxxx

(b) The budget document shall contain:

(1) [A ] THE budget message of the local chief executive setting forth [in brief] the significance of the executive budget, particularly in relation to the approved [local development] ANNUAL INVESTMENT plan WHICH SHALL FORM PART OF THE BUDGET DOCUMENT;

(2) xxxx

(3) xxxx

**SECTION 94.** Section 318 of the Code is hereby amended to read as follows:

**Section 318. Preparation of the Budget by the Local Chief Executive.**

– Upon receipt of the statements of income and expenditures from the treasurer, the budget proposals of the heads of departments and offices, and the estimates of THE REGULAR income and budgetary ceilings from the local finance committee, the local chief executive shall prepare the executive budget for the ensuing fiscal year in accordance with the provisions of this Title.

The local chief executive shall submit the said executive budget to the sanggunian concerned not later than the sixteenth (16th) of October of the current fiscal year. Failure to submit such budget on the date prescribed herein shall subject the local chief executive to such criminal and administrative penalties as provided for under this Code and other applicable laws.

**SECTION 95.** Section 321 of the Code is hereby amended to read as follows:

**Section 321. Changes in the annual budget.** All budgetary proposals shall be included and considered in the budget preparation process. After the local chief executive concerned shall have submitted the executive budget to the sangguniang, no ordinance providing for the supplemental budget shall be enacted except when

supported by funds actually available as certified by local treasurer or by new revenue sources. THE LOCAL GOVERNMENT UNIT REALIZES ADDITIONAL INCOME AS CERTIFIED TO BY THE LOCAL TREASURER COMING FROM ANY SOURCE DURING THE CURRENT FISCAL YEAR. THE DEVELOPMENT PROJECTS FINANCED BY THE SUPPLEMENTAL BUDGET SHALL BE INCORPORATED IN THE LOCAL DEVELOPMENT PLAN AND ANNUAL INVESTMENT PROGRAM.

**SECTION 96.** Section 323 of the Code is hereby amended to read as follows:

**Section 323. *Failure to Enact the Annual Appropriations.*** – In case the sanggunian concerned fails to pass the ordinance authorizing the annual appropriations at the beginning of the ensuing fiscal year *THE BUDGET AS SUBMITTED BY THE LOCAL EXECUTIVE CONCERNED, SHALL BE DEEMED APPROVED.* It shall continue to hold DAILY sessions, EXCLUSIVE OF SATURDAYS, SUNDAYS AND HOLIDAYS, without additional remuneration for its members, until such ordinance is approved, and no other business may be taken up during such sessions. If the sanggunian still fails to enact such ordinance after [ninety ( 90) ] SIXTY (60) days from the beginning of the fiscal year, the ordinance authorizing the appropriations of the preceding year shall be deemed reenacted and shall remain in force and effect until the ordinance authorizing the proposed appropriations is passed by the sanggunian concerned. However, only the annual appropriations for salaries and wages of existing positions, statutory and contractual obligations, and essential operating expenses authorized in the annual and supplemental budgets for the preceding year shall be deemed reenacted and disbursement of funds shall be in accordance therewith.

**SECTION 97.** Section 324 of the Code is hereby amended to read as follows:

**Section 324. *Budgetary Requirements.*** – The budgets of local government units for any fiscal year shall comply with the following requirements:

(a)xxxx

(b)xxxx

(d) Five percent ( 5% ) of the estimated revenue from regular source shall be set aside as an annual lump sum appropriation for unforeseen expenditures arising from the occurrence of calamities: Provided, however, That such appropriation shall be used only in the area, or a portion thereof, of the local government unit [or other areas] declared in a state of calamity by the [President] GOVERNOR IN THE CASE OF A PROVINCE AND THE MAYOR IN THE CASE OF A CITY OR MUNICIPALITY. A COPY OF THE DECLARATION SHALL IMMEDIATELY BE FURNISHED THE SANGGUNIAN OF THE LOCAL GOVERNMENT UNIT CONCERNED. THE SANGGUNIAN MAY CONCUR OR REJECT THE DECLARATION OF CALAMITY. IN THE EVENT OF A REJECTION BY THE SANGGUNIAN OF THE DECLARATION OF CALAMITY, NO LOCAL GOVERNMENT FUNDS SHALL BE DISBURSED THEREFOR. FAILURE OF THE SANGGUNIAN CONCERNED TO ACT ON THE DECLARATION OF CALAMITY WITHIN TWENTY-FOUR (24) HOURS FROM ITS RECEIPT OF THE COPY OF THE DECLARATION OF CALAMITY MENTIONED ABOVE, THE SAME SHALL BE DEEMED APPROVED.

(e) AT LEAST TWENTY PERCENT (20%) OF THE SHARES OF THE LOCAL GOVERNMENT UNITS FROM THE INTERNAL REVENUE ALLOTMENT SHALL BE SET ASIDE TO DEFRAY THE COST OF THE DEVOLVED BASIC SERVICES AND FACILITIES IN ACCORDANCE WITH SECTION 17, PARAGRAPH (G) OF THE CODE.

**SECTION 98.** Section 325 of the Code is hereby amended to read as follows:

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

(a) 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 annual income from regular sources realized in the next preceding fiscal year. The appropriations for salaries, wages, representation and transportation allowances of officials and employees of the public utilities and economic enterprises owned, operated and

maintained by the 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.

(b) xxx

(c) xxx

**SECTION 99.** Section 326 of the Code is hereby amended to read as follows:

**[Section 326. *Review of Appropriation Ordinances of Provinces, Highly – Urbanized Cities, Independent Component Cities, and Municipalities within the Metropolitan Manila Area.* – The Department of Budget and Management shall review ordinances, authorizing the annual or supplemental appropriations of provinces, highly-urbanized cities, independent component cities, and municipalities within the Metropolitan Manila Area in accordance with the immediately succeeding Section. ]**

**SECTION 100.** Section 327 of the Code is hereby amended to read as follows:

**Section 327. *Review of Appropriation Ordinances of Component Cities and Municipalities.* -**

The sanggunian panlalawigan shall review the ordinance authorizing annual or supplemental appropriation of component cities and municipalities in the same manner and within the same period prescribed for the review of other ordinances.

If within [ninety (90)] THIRTY (30) days from receipt of copies of such ordinance, the sangguniang panlalawigan takes no action thereon, the same shall be deemed to have been reviewed in accordance with law and shall continue to be in full force and effect. If within the same period, the sangguniang panlalawigan shall have ascertained that the ordinance authorizing annual or supplemental appropriations has not complied with the requirements set forth in this Title, the sangguniang panlalawigan shall, within [ninety day] THE period, [hereinabove prescribed,] declare such ordinance inoperative in its entirety or in part. Items of appropriation contrary to limitations prescribed in this

Title or in excess of the amounts prescribed herein shall be disallowed or reduced accordingly.

The sanggunian panlalawigan shall within the same period advise the sangguniang panlungsod or sangguniang bayan concerned through the local chief executive of any action on the ordinance under review. Upon receipt of such advice, the city or municipal treasurer concerned shall not make further disbursement of funds from any of the items of appropriation declared inoperative, disallowed or reduced.

**SECTION 101.** Section 329 of the Code is hereby amended to read as follows:

**Section 329. *Barangay Funds.*** – Unless otherwise provided in this Title, all the income of the barangay from whatever source INCLUDING ITS SHARE OF THE NATIONAL TAXES AS PROVIDED UNDER SECTION 286 OF THIS CODE shall accrue to its general fund and shall [, at the option of the barangay concerned, be kept as trust fund in the custody of the city or municipal treasurer, or ] be RELEASED TO AND deposited FOR THE ACCOUNT OF THE BARANGAY in a bank [, preferably government owned,] PREFERABLY LOCATED WITHIN THE BARANGAY. [situated in or nearest to its area of jurisdiction.] Such funds shall be disbursed PURSUANT TO AN APPROVED ORDINANCE BY THE BARANGAY CONCERNED in accordance with the provisions of this Title. Ten percent (10%) of the general fund of the barangay shall be [set aside] AUTOMATICALLY APPROPRIATED AND OBLIGATED for the Sangguniang Kabataan WHICH SHALL BE RELEASED TO AND DEPOSITED TO THE ACCOUNT OF THE SANGGUNIANG KABATAAN IN A BANK PREFERABLY LOCATED WITHIN THE BARANGAY WITHIN TWENTY (20) DAYS AFTER THE END OF EVERY QUARTER OF THE CURRENT YEAR. SUCH FUNDS SHALL BE DISBURSED PURSUANT TO AN APPROVED RESOLUTION BY THE SANGGUNIAN KABATAAN CONCERNED.

**SECTION 102..** Sec. 334 of the Code is hereby amended to read as follows:

*Section 334. Barangay Financial Procedure.* (a) The barangay treasurer shall collect all taxes, fees and other charges due and contributions accruing to the barangay

for which he shall issue receipts, and shall deposit all collections [with the city or municipality treasury or] in the depository account maintained in the name of the barangay within (5) days after receipt thereof.

**SECTION 103.** Sec. 339 of this Code is hereby amended to read as follows:

**Section 339. Cash Advances.** -No Cash advance shall be granted to any local official or employee, elective or appointive, unless made in accordance with the rules and regulations as the COA may prescribe. ANY LOCAL ELECTIVE OR APPOINTIVE OFFICIAL WHO HAS AVAILED OF CASH ADVANCES IN CONNECTION WITH HIS/HER DUTIES SHALL LIQUIDATE THE SAID CASH ADVANCES WITHIN ONE (1) YEAR FROM THE AVAILMENT THEREOF. FAILURE TO LIQUIDATE THE SAID CASH ADVANCES WITHIN THE PERIOD ABOVE PRESCRIBED SHALL CAUSE THE AUTOMATIC DEDUCTION BY THE LOCAL TREASURER CONCERNED EQUAL TO TWENTY-FIVE PERCENT (25%) OF THE MONTHLY SALARY, HONORARIUM AND ALLOWANCES OF THE OFFICIAL OR EMPLOYEE CONCERNED UNTIL THE UNLIQUIDATED CASH ADVANCE IS FULLY PAID WITHOUT PREJUDICE TO THE APPROPRIATE ADMINISTRATIVE SANCTIONS THAT MAY BE IMPOSED UPON HIM/HER BY THE PROPER AUTHORITIES. FAILURE OF THE LOCAL TREASURER CONCERNED TO CAUSE THE DEDUCTION MENTIONED ABOVE SHALL SUBJECT THE SAID TREASURER TO ADMINISTRATIVE OR CRIMINAL SANCTIONS.

**SECTION 104.** Section 344 of the Code is hereby amended to read as follows:

**Section 344. Certification on, and Approval of, Vouchers.** - No money shall be disbursed unless the local budget officer certifies to the existence of appropriation that has been legally made for the purpose, the local accountant has obligated said appropriation, and the local treasurer certifies to the availability of funds for the purpose. Vouchers and payrolls shall be certified to and approved by the head of the department or office who has administrative control of the fund concerned as to validity, propriety, and

legality of the claim involved. Except in cases of disbursements involving regularly recurring administrative expenses such as payrolls for regular or permanent employees, expenses for light, water, telephone and telegraph services, remittances to government creditor agencies such as the GSIS, SSS, LBP, DBP, National Printing Office Procurement Service of the DBM and others, approval of the disbursement voucher by the local chief executive [himself] OR BY THE DEPARTMENT HEADS OR CHIEFS OF HOSPITALS DULY AUTHORIZED BY THE LOCAL CHIEF EXECUTIVE CONCERNED, shall be required whenever local funds are disbursed.

**SECTION 105.** Section 345 of the Code is hereby amended to read as follows:

**Section 345. *Officials Authorized to Draw Checks in Settlement of Obligations.*** – Checks in settlement of obligations shall be drawn by the Treasurer and countersigned by the local [administrator] CHIEF EXECUTIVE, OR IN HIS/HER ABSENCE, AN OFFICIAL DULY AUTHORIZED BY LAW. CHECKS IN SETTLEMENT OF OBLIGATIONS DULY APPROPRIATED FOR PERSONAL SERVICES, MAINTENANCE AND OTHER OPERATING EXPENSES AND CAPITAL OUTLAY OF THE SANGGUNIAN SHALL BE COUNTERSIGNED BY THE VICE-GOVERNOR OR THE VICE-MAYOR FOR THE PROVINCE, CITY OR MUNICIPALITY, AS THE CASE MAY BE, OR IN HIS/HER ABSENCE, BY AN OFFICIAL DULY AUTHORIZED BY LAW.

IN CASE OF THE ABSENCE OF THE TREASURER FOR MORE THAN THREE (3) DAYS, THE SIGNING OF THE CHECKS ABOVE MENTIONED SHALL BE DONE BY AN OFFICIAL DULY AUTHORIZED BY LAW.

CHECKS ISSUED IN SETTLEMENT OF OBLIGATIONS OF THE BARANGAY, SHALL BE SIGNED BY THE BARANGAY TREASURER WHO SHALL BE PROPERLY BONDED, AND COUNTERSIGNED BY THE PUNONG BARANGAY. IN THE ABSENCE OF EITHER OR BOTH OF THEM FOR MORE THAN THREE (3) DAYS, THE SANGGUNIANG BARANGAY, BY MAJORITY VOTE, SHALL DESIGNATE FROM AMONG THEMSELVES TWO (2) MEMBERS WHO SHALL BE SIGNATORIES TO THE CHECKS.

[In case of temporary absence or incapacity of the foregoing officials, these functions shall devolve upon their immediate assistants.]

**SECTION 106.** Section 352 of the Code is hereby amended to read as follows:

**Section 352. *Posting of the Summary of Income and Expenditures.* -**

Local treasurers, accountants, budget officers and other accountable officers shall, within thirty (30) days from the end of each fiscal year, post in at least three (3) publicly accessible and conspicuous places SUCH AS PLAZA AND MAIN STREET in the local government unit CONCERNED, AND TO PUBLISH SAID STATEMENTS OF INCOME AND EXPENDITURES IN A NEWSPAPER OF GENERAL CIRCULATION, WHERE AVAILABLE, IN THE TERRITORIAL JURISDICTION OF SUCH UNIT, a summary of all revenues collected and funds received including the appropriations, and disbursements of such funds during the preceding fiscal year. FAILURE TO COMPLY WITH THIS REQUIREMENT SHALL SUBJECT THE OFFICIALS CONCERNED TO DISCIPLINARY ACTION IN ACCORDANCE WITH SECTION 60 OF THIS CODE.

**SECTION 107.** Section 356 of the Code is hereby amended to read as follows:

**Section 356. *General Rule in Procurement or Disposal.* -** Except as otherwise provided herein, AND SUBJECT TO THE LIMITATIONS PROVIDED IN SECTION (364) OF THIS CODE, LOCAL GOVERNMENT UNITS ARE AUTHORIZED [acquisition of supplies by local government units] TO DIRECTLY ACQUIRE OR PROCURE SUPPLIES AND EQUIPMENT FROM EITHER LOCAL OR FOREIGN SUPPLIERS [shall be] through competitive public bidding, WITHOUT NEED OF PRIOR APPROVAL OR AUTHORITY FROM ANY AGENCY OF THE GOVERNMENT. Supplies which have become unserviceable or no longer needed shall be sold, whenever applicable, at public auction, subject to applicable rules and regulations.

**SECTION 108.** Section 364 of the Code is hereby amended to read as follows:

**Section 364. *The Committee on Awards.*** – There shall be in every province, city or municipality a Committee on Awards to decide the winning bids and questions of awards and procurement and disposal of property.

The Committee on Award shall be composed of the local chief executive as chairman, the local treasurer, the local accountant, the local budget officer, the local general services officer, [and] the head of office or department for whose use the supplies are being procured, ONE (1) REPRESENTATIVE OF THE PHILIPPINE INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS (PICPA), AND TWO (2) REPRESENTATIVES OF NON-GOVERNMENTAL ORGANIZATIONS THAT ARE REPRESENTED IN THE LOCAL DEVELOPMENT COUNCIL CONCERNED, TO BE CHOSEN BY THE ORGANIZATIONS THEMSELVES, as members. In case a head of office or department would sit in a dual capacity, a member of the sanggunian elected from among its members shall sit as a member. The Committee on Awards at the barangay level shall be the sangguniang barangay. No national official shall sit as a member of the Committee on Awards.

The results of the bidding shall be made public by [conspicuously] posting the same IN A CONSPICUOUS PLACE in the provincial capitol or city, municipal, or barangay hall.

**SECTION 109.** Section 367 of the Code is hereby amended to read as follows:

**Section 367. Procurement through Personal Canvass** - Upon approval by the Committee on Awards, procurement of supplies may be effected after personal canvass of at least three (3) responsible suppliers in the locality by a committee of [three (3)] FOUR (4) composed of the local general services officer or the municipal or barangay treasurer, as the case may be, the local accountant, [and] the head of office or department for whose use the supplies are being procured, AND A REPRESENTATIVE OF NON-GOVERNMENTAL ORGANIZATION. The Awards shall be decided by the Committee on Awards. THE ACQUISITION AND PROCUREMENT BY LOCAL GOVERNMENT UNITS OF SUPPLIES, GOODS, EQUIPMENT AND SERVICES, EXCEPT CONSULTANTS AS AUTHORIZED BY THE SANGGUNIANG

CONCERNED, THROUGH PERSONAL CANVASS [Purchases under this section] shall not exceed TWENTY-FIVE PERCENT (25%) OF the TOTAL amount[s] ALLOCATED FOR THE PURPOSE [specified hereunder for all items] in any one (1) month [for each local government unit:]. THE SERVICES PURCHASED THROUGH PERSONAL CANVASS SHALL BE PERFORMED AND COMPLETED WITHIN A PERIOD OF THIRTY (30) DAYS FROM THE DATE OF PURCHASE.

["Provinces and Cities and Municipalities within the Metropolitan Manila Area:

First and Second Class – One hundred fifty thousand pesos (P150,000.00)

Third and Fourth Class – One hundred thousand pesos (P100,000.00) .

"Fifth and Sixth Class – Fifty thousand pesos (P50,000.00)

"Municipalities:

"First Class - Sixty thousand pesos (P60,000.00).

"Second and Third Class – Forty thousand pesos (P40,000.00)

"Fourth Class and Below –Twenty thousand pesos (P20,000.00).]

**SECTION 110.** Section 369 of this Code is hereby amended to read as follows:

***Section 369. Negotiated Purchase. –***

(a) xxx

(b) In case of repeat orders for regular supplies, procurement may be made by negotiated purchase; *Provided*, That the repeat order is made within SIX (6) [three (3)] months from the last procurement of the same item: *Provided, further*, That the same terms and conditions of sale are obtained for the said repeat order.

**BOOK THREE**

**LOCAL GOVERNMENT UNITS**

**Barangays**

**SECTION 111.** Section 391 (a), (20) of the Code is hereby amended to read as follows:

**Section 391. Powers, Duties, and Functions.** – (a) The sangguniang

barangay, as the legislative body of the barangay, shall:

- (1) xxx
- (2) xxx
- (3) xxx
- (4) xxx
- (5) xxx
- (6) xxx
- (7) xxx
- (8) xxx
- (9) xxx
- (10) xxx
- (11) xxx
- (12) xxx

(13) Authorize the barangay treasurer to make direct purchases in the amount not exceeding [one] FIVE thousand pesos [(P1,000.00)] (P5,000.00) at any one time for the ordinary and essential administrative needs of the barangay.

(14) Prescribe fines in amount not exceeding [one] FIVE thousand pesos [(P1,000.00)] (P5,000.00) for violation of barangay ordinances.

(15) xxx

(20) Adopt measures [towards the prevention and eradication of] TO PREVENT AND ERADICATE drug abuse, child abuse, and juvenile delinquency; PROVIDE ASSISTANCE TO BATTERED AND ABUSED WOMEN; AND ESTABLISH CRISES CENTERS TO SERVE THESE PURPOSES.

(22) Provide for the establishment of CENTERS FOR [a] non-formal education [center], VOCATIONAL AND TECHNOLOGICAL TRAINING in the barangay whenever feasible, in coordination with the Department of Education, Culture and Sports AND THE TECHNICAL EDUCATION AND SKILLS DEVELOPMENT AUTHORITY;

**SECTION 112.** Section 393 paragraph (a) and (b) of the Code are hereby amended to read as follows:

**Section 393. *Benefits of Barangay Officials.* –**

- (a) x x x
- (b) X x x
- (c) Elective barangay officials shall have preference in appointments to any government position or in any government-owned or -controlled corporations, including their subsidiaries, after their tenure of office, subject to the requisite qualifications and provisions of the immediately preceding paragraph.

THE GOVERNMENT SERVICE INSURANCE SYSTEM SHALL PROVIDE A SPECIAL LIFE INSURANCE AND RETIREMENT BENEFITS PLAN FOR ELECTIVE BARANGAY OFFICIALS INCLUDING BARANGAY TREASURERS AND SECRETARIES.

THE BARANGAY OFFICIALS CONCERNED SHALL PAY AS CONTRIBUTION A CORRESPONDING PERCENTAGE FROM THEIR ALLOWANCES, HONORARIA AND OTHER FEES RECEIVED FROM THE BARANGAY.

BARANGAY FUNDS MAY BE UTILIZED AS COUNTERPART CONTRIBUTION FOR THE SPECIAL LIFE INSURANCE AND RETIREMENT BENEFITS PLAN FOR THE BARANGAY OFFICIALS CONCERNED AS MAY BE REASONABLY DETERMINED BY THE GOVERNMENT SERVICE INSURANCE SYSTEM.

(d) All duly appointed members of the barangay tanod brigades, or their equivalent, which shall number not more than twenty (20) in each barangay, shall be ENTITLED TO MONTHLY HONORARIA TO BE DETERMINED BY THE SANGGUNIANG BARANGAY, AND shall be granted COMPULSORY insurance COVERAGE or other benefits during their incumbency, chargeable to the barangay, or the city or municipal government to which the barangay belongs.

**SANGGUNIANG KABATAAN**

**SECTION 113.** Section 423 of the Code are hereby amended to read as follows

**Section 423. Creation and Election** - (a) There shall be in every barangay, a Sangguniang Kabataan to be composed of a Chairman[,] AND seven (7) members[, a secretary and a treasurer].

**SECTION 114.** Section 426 (b) of the Code is hereby amended to read as follows:

**Section 426. Powers and Functions of the Sangguniang Kabataan. –**

The sangguniang kabataan shall:

(a) xxx

(b) Initiate, UNDERTAKE AND IMPLEMENT programs, PROJECTS, AND ACTIVITIES, designed to enhance the social, political, economic, cultural, intellectual, moral, spiritual, and physical development of the members [;]. SUBJECT TO REVIEW BY THE SANGGUNIANG BARANGAY, THE SANGGUNIANG KABATAAN SHALL ENACT AN ANNUAL BUDGET TO CARRY OUT THE FOREGOING FUNCTIONS. NO FUNDS OF THE SANGGUNIANG KABATAAN SHALL BE DISBURSED WITHOUT AN APPROVED APPROPRIATION.

(c) xxx

(g-1) COORDINATE WITH THE APPROPRIATE AGENCY OF THE GOVERNMENT FOR THE IMPLEMENTATION IN THEIR RESPECTIVE BARANGAY OF PROJECTS AND PROGRAMS RELATED TO ENVIRONMENTAL PROTECTION, LIKE TREE PLANTING AND SOLID WASTE DISPOSAL.

IN THE URBAN CENTERS WHERE TREE PLANTING IS NO LONGER FEASIBLE, THE SANGGUNIANG KABATAAN SHALL PARTICIPATE IN “GREENING” PROGRAMS IN AREAS IDENTIFIED BY THE LOCAL GOVERNMENT UNITS CONCERNED.

(h) xxx

**SECTION 115.** Section 427 of the Code is hereby amended to read as follows:

**Section 427. Meetings of the Sangguniang Kabataan.** - The sangguniang kabataan shall meet regularly [once] TWICE a month on the date, time and place WITHIN THE BARANGAY to be fixed by the said sanggunian. Special meetings may be called by the sangguniang kabataan chairman or any three (3) of its members by giving written notice to all members of the date, time, place, and agenda of the meeting at least one (1) day in advance. Notices of regular or special meeting shall be furnished the punong barangay and the sanggunian barangay.

A majority of the members of the sangguniang kabataan shall constitute a quorum.

ABSENCE WITHOUT JUST CAUSE FOR TWO (2) CONSECUTIVE SESSIONS MAY BE A GROUND FOR DISCIPLINARY ACTION.

**SECTION 116.** Section 431 of the Code is hereby amended to read as follows:

**Section 431. Powers and Duties of the Sanggunian Kabataan Chairman.** In addition to the duties which may be assigned to him by the sangguniang barangay, the sangguniang kabataan shall:

- (a) xxx
- (b) xxxx
- (d) With the concurrence of the sangguniang kabataan, appoint [from among the members of the sangguniang kabataan,] the secretary and THE treasurer, and such other officers as may be deemed necessary; and
- (e) xxx

**SECTION 117.** Section 433 of the Code is hereby amended to read as follows:

**Section 433. Sangguniang Kabataan Treasurer.** – The sangguniang kabataan treasurer shall:

- (a) Take custody of all sangguniang kabataan property and funds.

[not otherwise deposited with the city or municipal treasurer] THE FUNDS OF THE SANGGUNIANG KABATAAN SHALL BE DEPOSITED IN THE NAME OF THE

SANGGUNIANG KABATAAN CONCERNED IN A BANK DULY AUTHORIZED BY THE BANGKO SENTRAL NG PILIPINAS PREFERABLY LOCATED IN OR NEAREST THE BARANGAY CONCERNED;

(b) xxx

(c) xxx

(d) xxx

(e) Submit to the sangguniang kabataan and to the sangguniang barangay certified and detailed statements of actual income and expenditures at the end of every [month] QUARTER AND THE SAME SHALL BE PUBLISHED OR POSTED IN THE AREA DESIGNATED FOR THIS PURPOSE; and

(f) xxx

**SECTION 118. Section 434 of the Code is hereby amended to read as follows:**

**Section 434. Privileges of Sangguniang kabataan.** – The sangguniang kabataan chairman shall have the same privileges enjoyed by other sangguniang barangay officials under this Code subject to such requirements and limitations provided herein. During their incumbency, sangguniang kabataan officials shall be exempt from payment of tuition and matriculation fees while enrolled in public tertiary schools, including state colleges and universities. The national government shall reimburse said college or university the amount of the tuition and matriculation fees: *Provided, That,* to qualify for the privilege, the said officials shall enroll in the state college or university within or nearest their area of jurisdiction.

THE SANGGUNIANG KABATAAN CHAIRMAN, THE SECRETARY AND TREASURER MAY BE PROVIDED WITH HONORARIA OR ALLOWANCES BY THE SANGGUNIANG KABATAAN CONCERNED.

**SECTION 119.** Section 435 of the Code is hereby amended to read as follows:

**Section 435. Succession and Filling of Vacancies.** - (a) In case a sangguniang kabataan chairman refuses to assume office, fails to qualify, is convicted

of a felony, voluntarily resigns, dies, is permanently incapacitated, is removed from office, or has been absent without leave for more than [three (3)] TWO (2) consecutive [months] MEETINGS, OR FOR FAILURE TO CALL A REGULAR MEETING OF THE SANGGUNIANG KABATAAN AND/OR OF THE KATIPUNAN NG KABATAAN WITHOUT JUSTIFIABLE CAUSE, the sangguniang kabataan member who obtained the [next] highest number of votes in the election immediately preceding shall assume the office of the chairman for the unexpired portion of the term, and shall discharge the powers and duties, and enjoy the rights and privileges appurtenant to the office. In case the said member refuses to assume the position or fails to qualify, the sanggunian member obtaining the next highest number of votes shall assume the position of the chairman for the unexpired portion of the term.

(b) xxx

(c) xxx

(d) xxx

**SECTION 120. Section 437 of he Code is hereby amended to read as follows:**

**Section 437. Constitution and By-Laws.** – The term of office, manner of election, removal, suspension AND DISCIPLINARY ACTION of the officers and MEMBERS of the pederasyon ng mga sangguniang kabataan at all levels AND THE SANGGUNIANG KABATAAN AT THE BARANGAY LEVEL shall be governed by the Constitution and By-Laws of the Sangguniang Kabataan in conformity with the provisions of this Code and national policies of the youth.

THE PAMBANSANG PEDERASYON NG MGA SANGGUNIANG KABATAAN SHALL PROMULGATE THE APPROPRIATE GUIDELINES FOR THE CONDUCT OF THE PEDERASYON ELECTIONS AT ALL LEVELS IN CONSULTATION WITH THE COMMISSION ON ELECTIONS.

**SECTION 121. Section 438 of the Code is hereby amended to read as follows:**

**Section. 438. Membership in the Sanggunian -**

(a) A sangguniang kabataan chairman shall, upon the certification of his election by the Comelec and during his tenure of office is elected as pederasyon president, serve as an *ex-officio* member of the sangguniang panlalawigan, sangguniang panlungsod, and sangguniang bayan as the case may be, without need of further appointment. HE SHALL HAVE THE SAME POWERS, DUTIES AND FUNCTIONS, AND ENJOY THE SAME PRIVILEGES AS THE REGULAR MEMBERS.

**SECTION 122. Section 442 (a) of the same Code is hereby amended to read as follows:**

**Section 442. Requisites for Creation.** – (a) A municipality may be created if it has a [an] LOCALLY GENERATED average annual income as certified by the provincial treasurer, of at least [Two] TWENTY million [five hundred thousand] pesos [(P2,500,000.00)] (P20,000,000.00) for the last two (2) consecutive years based on the [1991] 1998 constant prices; a population of at least twenty-five thousand (25,000) inhabitants, as certified by the National Statistics Office; and a contiguous territory of at least fifty (50) square kilometers as certified by the Lands Management Bureau: *Provided*, That the creation thereof shall not reduce the land area, population or income of the original municipality or municipalities at the time of said creation, to less than the minimum requirements prescribed herein.

(b) xxx

**SECTION 123. Section 443 (a) and (b) of the Code are hereby amended to read as follows:**

**Section 443. Officials of the Municipal Government.** - (a) There shall be in each municipality a municipal mayor, a municipal vice-mayor, sangguniang bayan members[,]. IN ADDITION, THE MUNICIPAL MAYOR SHALL APPOINT THE FOLLOWING OFFICIALS: [a secretary to the sanggunian bayan] a municipal treasurer, a municipal assessor, a municipal accountant, a municipal budget officer, a municipal planning and development coordinator, a municipal engineer[/],A MUNICIPAL building

official, a municipal health officer, FIRE PROTECTION OFFICER, A MUNICIPAL LIBRARIAN FOR FIRST CLASS MUNICIPALITIES, OPTIONAL FOR SECOND UP TO SIXTH CLASS MUNICIPALITIES, and a municipal civil registrar.

(b) [In addition thereto,] [t]The mayor may ALSO appoint a municipal administrator, a municipal legal officer, a municipal agriculturist, a municipal environment and natural resources officer, a municipal social welfare and development officer, a municipal architect, A MUNICIPAL HUMAN RESOURCE DEVELOPMENT OFFICER, COOPERATIVES OFFICER, and a municipal information officer.

(c) xxx

**SECTION 124. Section 444 of the Code is hereby amended to read as follows:**

**Section 444. *The Chief Executive: Powers, Duties, Functions and Compensation.* –**

(a) Xxx

(b) Xxx

(1) xxx

(i) xxx

(ii) xxx

(v) Appoint all officials and employees whose salaries and wages are wholly or mainly paid out of municipal funds and whose appointments are not otherwise provided for in this Code as well as those he may be authorized by law to appoint; EXCEPT THOSE TO BE APPOINTED BY THE VICE MAYOR AS PROVIDED FOR IN SECTION 445 (a)(2) OF THS CODE;

(2) xxx

(3) Initiate and maximize the generation of resources and revenues, and apply the same to the implementation of development plans, program objectives and priorities as provided for under Section 18 of this Code, particularly those resources and

revenues programmed for agro-industrial development and country-wide growth and progress, and relative thereto, shall:

(i) xxx

(ii) xxx

(iv) Issue licenses and permits and suspend or revoke the same for any violation of the conditions upon which said licenses or permits had been issued, pursuant to law or ordinance [;]SUBJECT TO THE ORDINANCE OF THE SANGGUNIANG BAYAN ISSUE LICENSES AND PERMITS FOR GAMBLING OPERATIONS AUTHORIZED BY LAW;

(vii) Adopt adequate measures to safeguard and conserve land, mineral, marine, forest, THE ECOLOGICAL SYSTEM, and other resources of the municipality; and protect the funds, credit, rights and other priorities of the municipality, AND ISSUE, UPON THE AUTHORIZATION OF THE SANGGUNIANG BAYAN, AN ENVIRONMENTAL CLEARANCE CERTIFICATE AND A PERMIT TO OPERATE FOR ANY FIRM OR ENTITY TO OPERATE IN THE MUNICIPALITY.

(viii) xxx

(ix) xxx

**SECTION 125.** Section 445 (2) of the Code is hereby amended to read as follows:

**Section 445. Powers, Duties, and Compensation.** – The vice mayor shall:

(1) xxxx

(2) Subject to civil service law, rules, and regulations, appoint THE SECRETARY OF THE SANGGUNIANG BAYAN AND all OTHER officials and employees [of the sangguniang bayan], INCLUDING THE EMPLOYEES OF THE INDIVIDUAL MEMBERS THEREOF, except those whose manner of appointment is specifically provided in this Code;

(3) XXX

**SECTION 126** – Section 447, (a),(1), (v), (viii), (2) (x), (3) (vii) (xi), (5) (xiv), (xv) of the Code are hereby amended as follows:

**Section 447 – Powers, Duties, Functions, and Compensation.** - (a)

The sangguniang bayan, as the legislative body of the municipality, shall enact ordinances, approve resolutions and appropriate funds for the general welfare of the municipality and its inhabitants pursuant to Section 16 of this Code and in the proper exercise of the corporate powers of the municipality as provided for under Section 22 of this Code, and shall:

(1) PASS [Approve] ordinances and [pass] resolutions necessary for an efficient and effective municipal government, and in this connection shall:

(i) xxxx

(iv) [Adopt measures] ENACT ORDINANCES to protect the inhabitants of the municipality from the harmful effects of man-made or natural calamities; and to provide relief services and assistance for victims during and IN the aftermath of said disasters or calamities and ASSIST THEM in their return to productive livelihood.

[following said events.]

(V) AUTHORIZE THE MAYOR TO ISSUE AN ENVIRONMENTAL CLEARANCE CERTIFICATE AND A PERMIT TO OPERATE FOR ANY FIRM OR ENTITY TO OPERATE IN THE MUNICIPALITY AFTER THE REQUIREMENTS OF SECTION 2(D), 26 AND 27 HAVE BEEN COMPLIED WITH.

REQUIRE THE SUBMISSION OF AN ENVIRONMENTAL CLEARANCE CERTIFICATE ISSUED BY THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FOR PROJECTS, PROGRAMS AND ACTIVITIES DEALING WITH LOGGING, QUARRYING, COMMERCIAL AND INDUSTRIAL DISTRICTS, ZONES OR ESTABLISHMENTS, RECLAMATIONS, ESTABLISHMENTS AND OPERATION OF NON-FERROUS INDUSTRIES, IRON AND STEEL MILLS, SMELTING PLANTS, OIL, GAS, AND PETROLEUM AND PETROCHEMICAL INDUSTRIES, FOSSIL FUELLED, NUCLEAR, COAL-FIRED, HYDRO-ELECTRIC, GEOTHERMAL AND OTHER MAJOR

POWER PLANTS, AND FOR THE CONSTRUCTION OF EDIFICES, ROADS, BRIDGES AND SIMILAR FACILITIES AND OTHER PROJECTS OR PROGRAMS OF CENTRAL GOVERNMENT AGENCIES OR PRIVATE SECTOR THAT CRITICALLY IMPACTS ON THE ENVIRONMENT, SUBJECT TO THE REQUIREMENTS OF SECTION 2 (D), 26 AND 27 OF THE CODE AS AMENDED;

[(v)] (VI) Enact ordinances intended to prevent, suppress and impose appropriate penalties for habitual drunkenness in public places, vagrancy, mendicancy, prostitution, establishment and maintenance of houses of ill repute, gambling and other [prohibited] games of chance, fraudulent devices and ways to obtain money or property, drug addiction, maintenance of drug dens, drug pushing, juvenile delinquency, SQUATTING, ILLEGAL VENDING AND PEDDLING, [the] printing, distribution or exhibition of obscene or pornographic materials or publications, and such other activities inimical to the welfare and morals of the inhabitants of the municipality;

[(vi)] (vii) xxx

[(vii)] (viii) xxx

[(viii)] (ix) xxx

[(xii)] (xiii) Provide [for] legal assistance to MUNICIPAL AND barangay officials INCLUDING THE MEMBERS OF THE MUNICIPAL POLICE who, in the performances of their official duties, or on the occasion thereof, have to, initiate judicial proceedings or defend themselves against legal actionS [; and]. THE SANGGUNIANG BAYAN MAY AUTHORIZE THE MUNICIPAL MAYOR TO ENGAGE THE SERVICES OF PRIVATE COUNSEL FOR THIS PURPOSE; AND

[xiii] (xiv) xxx

(2) Generate and maximize the use of resources and revenues for the development plans, program objectives and priorities of the municipality as provided for under Section 18 of this Code, with particular attention to agro-industrial development and countryside growth and progress, and relative thereto, shall:

(i) xxx

(ii) xxx

(iii) xxx

(vii) Adopt a comprehensive land use plan for the municipality WHICH SHALL BE REVIEWED EVERY FIVE YEARS THEREAFTER: *Provided*, That the formulation, adoption, or modification of said plan shall be in coordination with the approved provincial comprehensive land use plan;

(v) xxx

(vi) xxx

(vii) xxx

(viii) xxx

(ix) xxx

(x) [Subject to national law,] AUTHORIZE THE MUNICIPAL MAYOR process and approve subdivision AND CONDOMINIUM plans for residential, commercial, or industrial [purposes] and other development purposes[,] AND TO ISSUE LICENSE OR AUTHORITY TO SELL SUCH SUBDIVISION LOTS AND CONDOMINIUM UNITS and collect [processing] fees and other charges THEREFOR SUBJECT TO NATIONAL LAW[;]. [t]The proceeds of which shall accrue entirely to the municipality[;]. [Provided, however, That, where approval by a national agency or office is required, said approval shall not be withheld for more than thirty (30) days from receipt of the application. Failure to act on the application within the period stated above shall be deemed as approval thereof.]

(xi) [Subject to the provisions of Book II of this Code,] [g]Grant [the] exclusive privilege of constructing fish corrals or fish pens, or the taking or catching of bangus fry, prawn fry or kawag-kawag or fry of any species or fish within the municipal waters SUBJECT TO THE PROVISION OF BOOK II OF THIS CODE. THE MUNICIPAL WATERS SHALL BE RESERVED FOR FISHING ACTIVITIES OF RESIDENT FISHERFOLKS AND COOPERATIVES DULY REGISTERED WITH THE COOPERATIVE DEVELOPMENT AUTHORITY IN ACCORDANCE WITH R.A. 6938 WHERE AT LEAST TWO-THIRDS OF ITS MEMBERS ARE RESIDENTS OF THE MUNICIPALITY CONCERNED.

(xv) xxx

(3) xxx

(i) xxx

(v) [Any law to the contrary notwithstanding] [a]Authorize and license the establishment, operation and maintenance of cockpits[,] AND COMMERCIAL BREEDING OF GAMECOCKS, and regulate cockfighting [and commercial breeding of gamecocks] AFTER COMPLIANCE WITH THE REQUIREMENTS OF SECTIONS 2 (D), 26 and 27 OF THIS CODE :  
Provided, That existing rights should not be prejudiced.

IN THE CASE OF OTHER LEGALIZED GAMBLING AND GAMING ACTIVITIES AUTHORIZED BY THE CENTRAL GOVERNMENT SUCH AS BUT NOT LIMITED TO CASINOS, LOTTO OUTLETS, JAI-ALAI FRONTONS AND BETTING STATIONS AND ON-LINE BINGO, THE SANGGUNIAN CONCERNED MAY AUTHORIZE THE MAYOR TO ISSUE A PERMIT FOR THE OPERATION WITHIN THE LOCAL JURISDICTION AND TO REGULATE ITS LOCATIONS WITHIN THE MUNICIPALITY SUBJECT TO THE PROVISIONS OF SECTIONS 2 (D), 26 AND 27 OF THIS CODE;

(vi)xxx

(4) xxx

(i) xxx

(5) Approve ordinances which shall ensure the efficient and effective delivery of the basic services and facilities as provided for under Section 17 of this Code, and in addition to said services and facilities, shall:

(1) xxx

(ii) xxx

(iii) Authorize the establishment, maintenance and operations of ferries, wharves, and other structure, and marine and seashore or offshore activities intended to accelerate productivity, AND CORRESPONDINGLY LEVY TAXES, FEES AND CHARGES THEREOF;

(vi) Regulate traffic on all streets and bridges, prohibit the putting up of encroachments or obstacles thereon, and, when necessary in the interest

of public welfare, authorize the removal of encroachments and illegal constructions in public places;

INSTALL AND ADMINISTER A TICKETING SYSTEM, FIX, IMPOSE AND COLLECT FINES AND PENALTIES FOR ALL KINDS OF VIOLATIONS OF TRAFFIC RULES AND REGULATIONS FOR MOVING OR NON-MOVING MOTOR VEHICLES AND CONFISCATE DRIVERS' LICENSES.

(xiv) Provide for the PROPER care, PROTECTION AND WELL-BEING of paupers, the aged, the sick, persons of unsound mind, disabled persons, BATTERED AND SEXUALLY ABUSED PERSONS, abandoned minors, juvenile delinquents, drug dependents, abused children and other needy and disadvantaged persons, particularly children and youth below eighteen (18) years of age and [, subject to availability of funds,] establish and provide for the operation of centers and facilities for said needy and disadvantaged persons[;]. THE SANGGUNIANG BAYAN SHALL APPROPRIATE FUNDS FOR THE IMPLEMENTATION OF THIS PROVISION.

(xv) Establish and provide SEPARATE JAIL FACILITIES FOR JUVENILE AND ADULT PRISONERS AND DETAINEES, AS WELL AS, FOR MALE AND FEMALE PRISONERS AND DETAINEES; for the maintenance and improvement of jails and detention centers, institute sound jail management programs, and appropriate funds for the subsistence of detainees and convicted prisoners in the municipality;

(XVI) ESTABLISH AND MAINTAIN FIRE STATION STRUCTURES FOR SOUND, EFFICIENT AND EFFECTIVE FIRE PROTECTION MANAGEMENT.

(XVII) REGULATE THE ADVERTISING OF LIQUOR AND TOBACCO PRODUCTS.

(XIV) ADOPT MEASURES TO ENHANCE THE FULL IMPLEMENTATION OF THE NATIONAL AGRARIAN REFORM PROGRAM IN COORDINATION WITH THE DEPARTMENT OF AGRARIAN REFORM.

**SECTION 127.** Section 450 (a) of the Code is hereby amended to read as follows:

**Section 450. *Requisites for Creation.*** – (a) A municipality or a cluster of barangay[s] may be converted into a component city if it has [an] A LOCALLY GENERATED average annual income , as certified by the [Department of Finance] PROVINCIAL TREASURER , of at least [Twenty million pesos (P20,000,000.00)] ONE HUNDRED MILLION PESOS (P100,000,000.00) for the last two (2) years based on [1991] 1998 constant prices [,] ; AN AVERAGE REAL PROPERTY TAX COLLECTION EFFICIENCY OF, AT LEAST, EIGHTY PERCENT (80%) DURING THE THREE YEARS PRECEDING THE CURRENT CALENDAR YEAR IN THE CASE OF A MUNICIPALITY CONVERTED INTO COMPONENT CITY, and if it has the following requisites:

- (i) a contiguous territory of at least one hundred (100) square kilometers, as certified by the Lands Management Bureau; or
- (ii) a population of not less than [one hundred fifty thousand (150,000)] inhabitants, as certified by the National Statistics Office.

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

(b) xxx

(c) xxx

**SECTION 128.** Section 452 (a) of the same Code is hereby amended to read as follows:

**Section 452- *Highly Urbanized Cities.*** – (a) Cities with a minimum population of two hundred thousand (200,000) inhabitants, as certified by the

National Statistics Office, and with the latest LOCALLY GENERATED annual income of at least [Fifty Million Pesos (P50,000,000.00)] TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00) based on [1991] 1998 constant prices, as certified by the [city treasurer]DEPARTMENT OF FINANCE, AND AN AVERAGE REAL PROPERTY TAX COLLECTION EFFICIENCY OF, AT LEAST, EIGHTY PERCENT (80%) FOR THE THREE YEARS PRECEDING THE CURRENT CALENDAR YEAR, shall be classified as highly urbanized cities.

(b) xxx

(c) xxx

**SECTION 129.** Section 454 of the Code is hereby amended to read as follows:

**Section 454 – Officials of the City Government** – (a) There shall be in each city a mayor, a city vice-mayor, sangguniang panlungsod members [,.]. IN ADDITION, THE CITY MAYOR SHALL APPOINT THE FOLLOWING OFFICIALS [a secretary to the sangguniang panlungsod,] a city treasurer, a city assessor, a city accountant, a city budget officer, a city planning and development coordinator, a city engineer, a city health officer, a city civil registrar, a city administrator, a city legal officer, a city veterinarian, a city social welfare and development officer, A CITY ENVIRONMENT AND NATURAL RESOURCES OFFICER, A CITY COOPERATIVES OFFICER, A CITY BUILDINGS AND GROUNDS OFFICER, A CITY HUMAN RESOURCE DEVELOPMENT OFFICER, A CITY FIRE PROTECTION OFFICER, A CITY LIBRARIAN and a city general services officer.

(b) [In addition thereto, t] The City mayor may appoint a city architect, a city information officer, a city agriculturist, AND a city population officer. [a city environment and natural resources officer, and a city cooperative officer].

(c) xxx

**SECTION 130** – Section 455- (b) (3)(vii) of the Code is hereby amended to read as follows:

**Section 455. Chief Executive: Powers, Duties and Compensation.**

(a) xxx

(b) xxx

(1) xxx

(v) Appoint all officials and employees whose salaries and wages are wholly or mainly paid out of city funds and whose appointments are not otherwise provided for in this Code, as well as those he may be authorized by law to appoint EXCEPT THOSE WHO ARE TO BE APPOINTED BY THE VICE MAYOR AS PROVIDED FOR IN SECTION 456 OF THIS CODE.

(3) xxx

(iv) Issue licenses and permits and suspend or revoke the same for any violation of the conditions upon which said licenses a permits had been issued pursuant to law a ordinance [;]. THIS INCLUDES THE ISSUANCE OF LICENSES AND PERMITS FOR GAMBLING OPERATIONS AUTHORIZED BY LAW SUBJECT TO THE ORDINANCE OF THE SANGGUNIANG PANLUNGSOD;

IN THE CASE OF OTHER LEGALIZED GAMBLING AND GAMING ACTIVITIES AUTHORIZED BY THE CENTRAL GOVERNMENT SUCH AS BUT NOT LIMITED TO CASINOS, LOTTO OUTLETS, JAI-ALAI FRONTONS AND BETTING STATIONS AND ON-LINE BINGO, THE SANGGUNIAN CONCERNED MAY AUTHORIZE THE MAYOR TO ISSUE A PERMIT FOR THE OPERATION WITHIN THE LOCAL JURISDICTION AND TO REGULATE ITS LOCATIONS WITHIN THE CITY SUBJECT TO THE PROVISIONS OF SECTIONS 2 (D), 26 AND 27 OF THIS CODE;

(vii) Adopt adequate measures to safeguard and conserve land, mineral, marine, forest, THE ECOLOGICAL SYSTEM and other resources of the city[.] AND ISSUE, UPON THE AUTHORIZATION OF THE SANGGUNIANG PANGLUNGSOD, AN ENVIRONMENTAL CLEARANCE CERTIFICATE AND A PERMIT TO OPERATE FOR ANY FIRM OR ENTITY TO OPERATE IN THE CITY.

**SECTION 131.** Section 456 (3) of the code is hereby amended to read as follows:

**Section 456. Powers, Duties and Compensation.** – (a)The city vice-mayor shall:

(1) Xxxx

(2) Subject to civil service law, rules and Regulations,] [a]Appoint THE SECRETARY OF THE SANGGUNIAN AND all OTHER officials and employees THEREOF, [of the sangguniang panglunsod,] AND SUCH EMPLOYEES OF THE INDIVIDUAL MEMBERS OF THE SANGGUNIANG PANLUNGSOD, except those whose manner of appointment is specifically provided in this Code;

(3) xxx

**SECTION 132.** Section 458 of the Code is hereby amended to read as follows:

**Section 458. Powers, Duties, Functions and Compensation.** (a) xxx

(1) xxx

(i) xxx

(ii) xxx

(V) AUTHORIZE THE MAYOR TO ISSUE AN ENVIRONMENTAL CLEARANCE CERTIFICATE AND A PERMIT TO OPERATE FOR ANY FIRM OR ENTITY TO OPERATE IN THE CITY AFTER PUBLIC CONSULTATIONS HAVE BEEN COMPLIED WITH OR AFTER THE REQUIREMENTS OF SECTION 2(D), 26 AND 27 HAVE BEEN COMPLIED WITH.

REQUIRE THE SUBMISSION OF AN ENVIRONMENTAL CLEARANCE CERTIFICATE ISSUED BY THE DEPARTMENT OF ENVIRONMENT AND NATURAL RESOURCES FOR PROJECTS, PROGRAMS, AND ACTIVITIES DEALING WITH LOGGING, QUARRYING, COMMERCIAL AND INDUSTRIAL DISTIRCTS, ZONES OR ESTABLISHMENTS, RECLAMATION, ESTABLISHMENT AND OPERATION OF NON-FERROUS INDUSTRIES, IRON AND STEEL MILLS, SMELTING PLANTS, OIL, GAS AND PETROLEUM AND PETROCHEMICAL INDUSTRIES, FOSSIL-FUELLED,

NUCLEAR, COAL-FIRED, HYDRO-ELECTRIC, GEOTHERMAL AND OTHER MAJOR POWER PLANTS, AND FOR THE CONSTRUCTION OF EDIFICES, ROADS, BRIDGES, AND SIMILAR FACILITIES AND OTHER PROJECTS OR PROGRAMS OF CENTRAL GOVERNMENT AGENCIES OR PRIVATE SECTOR THAT CRITICALLY IMPACTS ON THE ENVIRONMENT, SUBJECT TO THE REQUIREMENTS OF SECTION 2 (D), 26 AND 27 OF THE CODE AS AMENDED;

[v] (vi) Enact ordinances intended to prevent, suppress, and impose appropriate penalties for habitual drunkenness in public places, vagrancy, mendicancy, prostitution, establishment and maintenance of houses of ill repute, gambling and other prohibited games of chance, fraudulent devices and ways to obtain money or property, drug addiction, maintenance of drug dens, drug pushing, juvenile delinquency, the printing, distribution or exhibition of obscene or pornographic materials or publications, and such other activities inimical to the welfare and morals of the inhabitants of the city;

(xii) Provide legal assistance to CITY AND barangay officials INCLUDING THE MEMBERS OF THE CITY POLICE who, in the performance of their official duties or on the occasion thereof, have to initiate judicial proceedings or defend themselves against legal actionS [;and]. THE SANGGUNIANG PANLUNGSOD MAY AUTHORIZE THE CITY MAYOR TO ENGAGE THE SERVICES OF PRIVATE COUNSEL FOR THIS PURPOSE; AND

(xiii) xxx

(2) Generate and maximize the use of resources and revenues for the development plans, program objectives and priorities of the city as provided for under Section 18 of this Code, with particular attention to agro-industrial development and city-wide growth and progress, and relative thereto, shall:

(i) xxx

(ii) xxx

(x) [Subject to national law,] AUTHORIZE THE CITY MAYOR TO process and approve subdivision AND CONDOMINIUM plans for residential, commercial, or industrial [purposes] and other development purposes[,] AND TO ISSUE LICENSE OR AUTHORITY TO SELL SUCH SUBDIVISION LOTS AND CONDOMINIUM UNITS and

collect [processing] fees and other charges THEREFOR SUBJECT TO NATIONAL LAWS[.]. [t]The proceeds of which shall accrue entirely to the municipality[;]. [Provided, however, That, where approval by a national agency or office is required, said approval shall not be withheld for more than thirty (30) days from receipt of the application. Failure to act on the application within the period stated above shall be deemed as approval thereof.]

(3) xxxx

(v) [Any law to the contrary notwithstanding] [a]Authorize and license the establishment, operation and maintenance of cockpits[,] AND COMMERCIAL BREEDING OF GAMECOCKS, and regulate cockfighting [and commercial breeding of gamecocks] AFTER COMPLIANCE WITH THE REQUIREMENTS OF SECTIONS 2 (D), 26 and 27 OF THIS CODE : Provided, That existing rights should not be prejudiced.

IN THE CASE OF OTHER LEGALIZED GAMBLING AND GAMING ACTIVITIES AUTHORIZED BY THE CENTRAL GOVERNMENT SUCH AS BUT NOT LIMITED TO CASINOS, LOTTO OUTLETS, JAI-ALAI FRONTONS AND BETTING STATIONS AND ON-LINE BINGO, THE SANGGUNIAN CONCERNED MAY AUTHORIZE THE MAYOR TO ISSUE A PERMIT FOR THE OPERATION WITHIN THE LOCAL JURISDICTION AND TO REGULATE ITS LOCATIONS WITHIN THE CITY SUBJECT TO THE PROVISIONS OF SECTIONS 2 (D), 26 AND 27 OF THIS CODE;

(vi) xxx

**SECTION 133** – Section 461(a) of the Code is hereby amended to read as follows:

**Section 461. *Requisites for Creation.*** – (a) A province may be created if it has [an] A LOCALLY GENERATED average annual income, as certified by the Department of Finance, of not less than [twenty million pesos (P20,000,000.00)] TWO HUNDRED MILLION PESOS (P200,000,000.00) based on [1991] 1998 constant prices; AN AVERAGE REAL PROPERTY TAX COLLECTION EFFICIENCY, OF AT LEAST,

EIGHTY PERCENT (80%) DURING THE THREE YEARS PRECEDING THE CURRENT CALENDAR YEAR; and it has the following requisites:

(i) contiguous territory of at least two thousand (2,000) square kilometers, as certified by the Lands Management Bureau; or (ii) population of not less than two hundred fifty thousand (250,000) inhabitants as certified by the National [Census and] Statistics Office.

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

**SECTION 134** – Section 463 (a) and (b) of the Code are hereby amended to read as follows:

**Section 463 – Officials of the Provincial Government.** – (a) There shall be in each province a governor, a vice-governor, members of the sangguniang panlalawigan. IN ADDITION, THE PROVINCIAL GOVERNOR SHALL APPOINT THE FOLLOWING; [a secretary to the sangguniang panlalawigan], a provincial treasurer, a provincial assessor, a provincial accountant, a provincial engineer, a provincial budget officer, a provincial planning and development coordinator, a provincial legal officer, a provincial administrator, a provincial health officer, a provincial social welfare and development officer, a provincial general services officer, a provincial agriculturist, A PROVINCIAL ENVIRONMENT AND NATURAL RESOURCES OFFICER, A PROVINCIAL COOPERATIVES OFFICER, A HUMAN RESOURCE DEVELOPMENT OFFICER , A PROVINCIAL LIBRARIAN and a provincial veterinarian.

(b) [In addition thereto,] [t]The governor may ALSO appoint a provincial population officer, [ a provincial natural resources and environment officer, a provincial cooperative officer,] a provincial architect, and a provincial information officer.

**SECTION 135** – Section 465, (b),(3)(v) of the Code is hereby amended by adding sub-paragraph vii to read as follows:

**Section 465. *The Chief Executive: Powers, duties, Functions and Compensation.***

(1) XXX

(3) XXX

(i) xxx

(ii) xxx

(v) Adopt adequate measures to safeguard and conserve land, mineral, marine, forest and other resources, AND PRESERVE THE ECOSYSTEM of the province, in coordination with the mayors of component cities and municipalities.

THE GOVERNOR MAY ISSUE ENVIRONMENTAL CLEARANCE CERTIFICATE FOR ANY FIRM OR ENTITY TO OPERATE IN THE PROVINCE WHOSE ENVIRONMENTAL IMPACT AFFECTS TWO OR MORE MUNICIPALITIES AFTER THE APPROVAL OF TWO-THIRD VOTES OF THE MEMBERS OF THE SANGGUNIANG PANLALAWIGAN, AND UPON FAVORABLE RECOMMENDATION OF THE SANGGUNIANG BAYANS OF THE MUNICIPALITY WHERE THE FIRM OR ENTITY WOULD OPERATE AS WELL AS THE SANGGUNIANG BAYANS OF THE AFFECTED MUNICIPALITIES.

**SECTION 136** – Section 466 (2) of the Code is hereby amended to read as follows:

**Section 466. *Powers, Duties, and Compensation.*** – (a) The vice-governor shall:

(1) xxxx

(2) [Subject to civil service law, rules and regulations,] [a]Appoint THE SECRETARY OF THE SANGGUNIANG PANLALAWIGAN AND all OTHER officials and employees [ of the sangguniang panlalawigan] INCLUDING THE EMPLOYEES OF THE INDIVIDUAL MEMBERS THEREOF, except those whose manner of appointment is specifically provided in this Code;

(3) Xxx

**SECTION 137** – Section 468, (a), (4), (vi), (vii) of the Code is hereby amended to read as follows:

**Section 468 – Powers, Duties, Functions, and Composition.** – (a) The sangguniang panlalawigan, as the legislative body of the province, shall enact ordinances, approve resolutions and appropriate funds for the general welfare of the province and its inhabitants pursuant to Section 16 of this Code and in the proper exercise of the corporate powers of the province for under Section 22 of this Code, and shall:

(1) XXX

(3) Subject to the provision of the Book II of this Code, grant franchises, approve the issuance of permits or licenses, or enact ordinances levying taxes, fees and charges upon such conditions and for such purposes intended to promote the general welfare of the inhabitants of the province, and pursuant to this legislative authority shall:

(i) Fix and impose reasonable fees and charges for all services rendered by the provincial government to private persons and entities; [and]

(ii) Regulate THE OPERATION AND FIX LICENSE FEES OF PUBLIC UTILITY VEHICLES OPERATING WITHIN THE PROVINCE [and fix the license fees for such activities as provided for under this Code].

(4) Approve ordinances which shall ensure the efficient and effective delivery of the basic services and facilities as provided for under Section 17 of this Code, and, in addition to said services and facilities, shall:

(i) xxx

(II) AUTHORIZE THE GOVERNOR TO ISSUE AN ENVIRONMENTAL CLEARANCE CERTIFICATE AND A PERMIT TO OPERATE FOR ANY FIRM OR ENTITY TO OPERATE IN THE PROVINCE AFTER PUBLIC CONSULTATIONS HAVE BEEN COMPLIED WITH OR AFTER THE REQUIREMENTS OF SECTION 2 (D), 26 AND 27 HAVE BEEN COMPLIED WITH.

REQUIRE THE SUBMISSION OF AN ENVIRONMENTAL CLEARANCE CERTIFICATE ISSUED BY THE DEPARTMENT OF ENVIRONMENT AND NATURAL

RESOURCES FOR PROJECTS, PROGRAMS, AND ACTIVITIES DEALING WITH LOGGING, QUARRYING, COMMERCIAL AND INDUSTRIAL DISTRICTS, ZONES OR ESTABLISHMENT, RECLAMATION, ESTABLISHMENT AND OPERATION OF NON-FERROUS INDUSTRIES, IRON AND STEEL MILLS, SMELTING PLANTS, OIL, GAS, AND PETROLEUM AND PETROCHEMICAL INDUSTRIES, FOSSIL-FUELLED, NUCLEAR, COAL-FIRED, HYDRO-ELECTRIC, GEOTHERMAL AND OTHER MAJOR POWER PLANTS, AND FOR THE CONSTRUCTION OF EDIFICES, ROADS, BRIDGES AND SIMILAR FACILITIES AND OTHER PROJECTS OR PORGRAMS OF CENTRAL GOVERNMENT AGENCIES OR PRIVATE SECTOR THAT CRITICALLY IMPACTS ON THE ENVIRONMENT, SUBJECT TO THE REQUIREMENTS OF SECTION 2(D), 26 AND 27 OF THE CODE AS AMENDED;

(III) xxx

(vi) *Provide* for the PROPER care, PROTECTION AND WELL-BEING of paupers, the aged, the sick, persons of unsound mind, BATTERED AND SEXUALLY ABUSED PERSONS, abandoned minors, abused children, disabled persons, juvenile delinquents, drug dependents, and other needy and disadvantaged persons, particularly children and youth below eighteen (18) years of age; [subject to availability funds,] establish and support the operation of PROVINCIAL REHABILITATION AND/OR CRISES centers and facilities for said needy and disadvantaged persons; and facilitate efforts to promote the welfare of families below the poverty threshold, the disadvantaged, and the exploited. THE SANGGUNIANG PANLALAWIGAN SHALL APPROPRIATE FUNDS TO BE INCLUDED IN THE ANNUAL BUDGET OF THE PROVINCE, FOR THE PROPER IMPLEMENTATION OF THIS PROVISION.

(v) xxx

**SECTION 138**– Section 470 of the Code is hereby amended to read as follows:

**Section 470. *Appointment, Qualifications, Powers and Duties*** – [(a)

The treasurer shall be appointed by the Secretary of Finance from a list of at least three (3) ranking, eligible recommendees of the governor or mayor, as the case may be, subject to civil service law, rules, and regulations.]

[(b) The treasurer shall be under the administrative supervision of the governor or mayor, as the case may be, to whom he shall report regularly on tax collection efforts in the local government unit.]

[(c)] (A) No person shall be appointed treasurer unless he is a citizen of the Philippines, a resident of the local government unit concerned, of good moral character, a holder of college degree preferably in commerce, public administration or law from a recognized college or university, and a first grade civil service eligible or its equivalent. He must have acquired experience in treasury or accounting service for at least five (5) years in the case of the provincial or city treasurer, and three years in the case of municipal treasurer.

The appointment of a treasurer shall be mandatory for provincial, city and municipal governments.

[(d)] (C) The treasurer shall take charge of the treasury office, perform the duties provided for under Book II of this Code, and shall:

(1) Advise the governor or mayor, as the case may be, the sanggunian, and other local government [and national] officials concerned regarding THE COLLECTION EFFORT IN THE LOCAL GOVERNMENT UNIT AS WELL AS disposition of local government funds and on such other matters relative to public finance;

(2) xxx

[(e)] (D) Exercise such other powers and perform such other duties and functions as may be prescribed by law or ordinance.

**SECTION 139.** Section 471 of the Code is hereby amended to read as follows:

**Section 471. Assistant Treasurer.** - (a) An assistant treasurer may be appointed by the [Secretary of Finance from a list of at least three (3) ranking eligible recommendees of the] governor or mayor AS THE CASE MAY BE, subject to civil service law, rules and regulations.

**SECTION 140** – Article Seven and Section 477 of the Code are hereby amended by adding Article Seven – A and B and Section 477 – I and 2 to read as follows:

***Article Seven – The Engineer***

**Section 477 – Qualifications, Powers, and Duties.** – (a) No person shall be appointed engineer unless he is a citizen of the Philippines, PREFERABLY a resident of the local government unit concerned of good moral character and a licensed civil engineer. He must have acquired experience in the practice of his profession for at least five (5) years in the case of the provincial or city engineer, and three (3) years in the case of the municipal engineer.

The appointment of an engineer shall be mandatory for the provincial, city, and municipal governments. [The city and municipal engineer shall also act as the local building official.]

(a) xxx

**ARTICLE SEVEN - A -**

**BUILDINGS AND GROUNDS OFFICER –**

**SECTION 477 – I - (A) QUALIFICATIONS, POWERS, AND DUTIES** — NO PERSON SHALL BE APPOINTED BUILDINGS AND GROUNDS OFFICER UNLESS HE IS A CITIZEN OF THE PHILIPPINES, PREFERABLY A RESIDENT OF THE LOCAL GOVERNMENT UNIT CONCERNED, OF GOOD MORAL CHARACTER, AND A LICENSED ARCHITECT OR CIVIL ENGINEER. HE MUST HAVE ACQUIRED DIVERSIFIED AND PROFESSIONAL EXPERIENCE IN BUILDING DESIGN AND CONSTRUCTION FOR AT LEAST FIVE (5) YEARS IN THE CASE OF THE PROVINCIAL OR CITY, AND AT LEAST THREE (3) YEARS, IN THE CASE OF A MUNICIPAL, BUILDINGS AND GROUNDS OFFICER.

THE APPOINTMENT OF A BUILDINGS AND GROUNDS OFFICER IS MANDATORY FOR A CITY AND A MUNICIPALITY.

(B) THE BUILDINGS AND GROUNDS OFFICER SHALL TAKE CHARGE OF THE BUILDINGS AND GROUNDS SERVICES AND SHALL:

(1) BE PRIMARILY RESPONSIBLE FOR ENFORCEMENT OF THE PROVISIONS OF THE BUILDING CODE OF THE PHILIPPINES AS WELL AS THOSE THE SANGGUNIAN CONCERNED MAY PRESCRIBE;

(i) ISSUE BUILDING PERMITS;

(ii) INSPECT DURING REASONABLE TIME AND DETERMINE COMPLIANCE WITH THE REQUIREMENTS OF THE BUILDING CODE AS WELL AS RULES AND REGULATIONS PROMUGATED BY THE SANGGUNIAN;

(1) ORDER WORK STOPPAGE WHEN THE CONSTRUCTION OF ANY BUILDING IS FOUND TO BE VIOLATIVE OF THE PROVISIONS OF THE BUILDING CODE AND THE SANGGUNIAN RULES AND REGULATIONS, AND PRECRIBE THE TERMS AND CONDITIONS FOR RESUMPTION OF SAID WORK;

2) ORDER DISCONTUANCE OF OCCUPANCY OR USE OF ANY BUILDING OR STRUCTURE OR PORTION THEREOF, FOUND OCCUPIED OR USED CONTRARY TO THE PROVISIONS OF THE BUILDING CODE AND THE RULES AND REGULATIONS PRESCRIBED BY THE SANGGUNIAN;

(3) MAINTAIN AN INVENTORY, AND CONDUCT A PERIODIC ASSESSMENT OF THE CONDITIONS OF ALL BUILDINGS IN THE LOCALITY; AND,

(4) EXERCISE OTHER POWERS AND PERFORM OTHER DUTIES AND FUNCTIONS AS MAY BE PROVIDED BY LAW OR ORDINANCE.

#### **ARTICLE SEVEN –B– FIRE PROTECTION OFFICE**

**SECTION 477 – 2 – QUALIFICATIONS, POWERS AND DUTIES** – (A) NO PERSON SHALL BE APPOINTED FIRE PROTECTION OFFICER UNLESS HE IS A CITIZEN OF THE PHILIPPINES, A RESIDENT OF THE LOCAL GOVERNMENT UNIT CONCERNED, OF GOOD MORAL CHARACTER, AND A LICENSED ELECTRICAL ENGINEER. HE MUST HAVE ACQUIRED EXPERIENCE IN THE PRACTICE OF HIS PROFESSION FOR AT LEAST FIVE (5) YEARS IN THE CASE OF THE CITY, AND THREE (3) YEARS IN THE CASE OF THE MUNICIPAL, FIRE PROTECTION OFFICER.

THE APPOINTMENT OF THE FIRE PROTECTION OFFICER SHALL BE MANDATORY FOR THE CITY AND MUNICIPAL GOVERNMENTS.

(B) THE FIRE PROTECTION OFFICER SHALL BE RESPONSIBLE FOR:

(1) THE PREVENTION AND SUPPRESSION OF ALL DESTRUCTIVE FIRES ON BUILDINGS, HOUSES AND OTHER STRUCTURES; FORESTS, PUBLIC PLANTATIONS OR NURSERIES; PUBLIC TRANSPORT VEHICLES, EQUIPMENT OR MACHINERY; SHIPS, VESSELS AND OTHER PUBLIC TRANSPORT CRAFTS DOCKED AT PIERS OR WHARVES OR ANCHORED AT MAJOR SEAPORTS; PETROLEUM INDUSTRY INSTALLATIONS, PLANE CRASHES AND OTHER SIMILAR INCIDENTS;

(2) ENFORCING THE FIRE CODE AND OTHER RELATED LAWS;

(3) INVESTIGATING CAUSES OF DESTRUCTIVE FIRES AND, IF WARRANTED, FILING OF THE PROPER COMPLAINTS RELATIVE THERETO.

(4) MONITORING, EVALUATING, AND WHENEVER POSSIBLE, ASSISTING IN THE SUPPRESSION OF DESTRUCTIVE FIRES OCCURING IN NEIGHBORING LOCALITIES.

(5) INITIATING FIRE PROTECTION AND EMERGENCY SERVICES PROGRAMS AND PUBLIC SAFETY DRILLS SUCH AS FOR RESCUE AND EVACUATION IN FIRE-RELATED DISASTROUS INCIDENTS.

(6) INITIATING PROGRAMS DESIGNED TO IMPROVE AND STRENGTHEN THE FIRE PROTECTION CAPABILITY OF THE LOCAL GOVERNMENT UNIT; AND

(7) EXERCISING OTHER POWERS AND PERFORMING OTHER DUTIES AND FUNCTIONS AS MAY BE PROVIDED BY LAW OR ORDINANCE.

**SECTION 141.** Section 478 of the Code is hereby amended to read as follows:

***Section 478. Qualifications, Powers and Duties*** - (a) No person shall be appointed health officer unless he is a citizen of the Philippines, a resident of the local government unit concerned, of good moral character, and a licensed medical practitioner. He must have acquired experience in the practice of his profession for at least five (5) years in the case of the provincial or city health officer, and three (3) years in the case of the municipal health officer.

The appointment of a health officer shall be mandatory for provincial, city and municipal governments.

(b) the health officer shall take charge of the office on health services shall: xxx

(4) COORDINATE WITH THE DEPARTMENT OF HEALTH AND THE OTHER LOCAL GOVERNMENT UNITS TO ENSURE AN INTEGRATED APPROACH TO THE DELIVERY OF HEALTH CARE SERVICES THROUGH AREA-BASED HEALTH PLANNING, COMPLEMENT HEALTH SERVICES AMONG OTHER LOCAL GOVERNMENT UNITS AND WITH THE DEPARTMENT OF HEALTH THROUGH COMPREHENSIVE HEALTH CARE AGREEMENTS (CHCAs) AND OTHER INSTRUMENTS: *PROVIDED*, THAT THE FORMULATION OF SUCH AGREEMENTS AND INSTRUMENTS AS WELL AS THE PROGRAMMING, PLANNING, PRIORITIZING OF PROJECTS AND IMPLEMENTATION OF THE SAME SHALL BE UNDERTAKEN IN COLLABORATION AND TOGETHER WITH THE LOCAL GOVERNMENT UNITS CONCERNED;

(5) IN THE CASE OF THE PROVINCIAL HEALTH OFFICER, HE/SHE COORDINATE WITH THE HEALTH OFFICERS OF COMPONENT CITIES AND MUNICIPALITIES FOR THE PURPOSE OF INTEGRATION, COORDINATION, AND MONITORING LOCAL HEALTH PROGRAMS;"

**SECTION 142.** An Article shall be added after Article Ten Article, to be known as Article Ten -A- SECTION 481-ENTITLED HUMAN RESOURCE DEVELOPMENT OFFICER and shall read as follows:

**ARTICLE TEN – The Administrator**

**ARTICLE TEN – A – HUMAN RESOURCE**

**DEVELOPMENT OFFICER**

**SECTION 480 – I - QUALIFICATIONS, TERMS, POWERS, AND DUTIES** – (a) NO PERSON SHALL BE APPOINTED HUMAN RESOURCE DEVELOPMENT OFFICER UNLESS HE IS A CITIZEN OF THE PHILIPPINES, A RESIDENT OF THE LOCAL GOVERNMENT UNIT CONCERNED, OF GOOD MORAL CHARACTER, HOLDER OF A COLLEGE DEGREE, PREFERABLY IN HUMAN

RESOURCE DEVELOPMENT, PERSONNEL MANAGEMENT, PUBLIC ADMINISTRATION, LAW, OR OTHER RELATED COURSE FROM RECOGNIZED COLLEGE OR UNIVERSITY, AND HOLDER OF FIRST GRADE CIVIL SERVICE ELIGIBILITY OR ITS EQUIVALENT. HE MUST HAVE ACQUIRED EXPERIENCE IN PERSONNEL MANAGEMENT AND HUMAN RESOURCE DEVELOPMENT WORK FOR AT LEAST FIVE (5) YEARS IN THE CASE OF THE PROVINCIAL OR CITY, AND THREE (3) YEARS IN THE CASE OF THE MUNICIPAL, HUMAN RESOURCE DEVELOPMENT OFFICER.

THE APPOINTMENT OF A HUMAN RESOURCE DEVELOPMENT OFFICER IS MANDATORY FOR THE PROVINCIAL AND CITY GOVERNMENTS AND OPTIONAL FOR THE MUNICIPAL GOVERNMENT.

(B) THE HUMAN RESOURCE DEVELOPMENT OFFICER SHALL:

(1) PROVIDE DIRECTION AND SUPERVISION OF ACTIVITIES INVOLVING PERSONNEL MANAGEMENT AND HUMAN RESOURCE DEVELOPMENT;

(2) HANDLE ACTIVITIES PERTAINING TO PERSONNEL MOVEMENT, EMPLOYEE DEVELOPMENT AND WELFARE BENEFITS;

(3) REVIEW AND PROCESS APPOINTMENT PAPERS, PROMOTIONS, TRANSFERS, DETAILS, LEAVES OF ABSENCE AND OTHER PERSONNEL MOVEMENTS;

(4) SUPERVISE PREPARATION OF PAYROLLS, UPDATE REPORTS ON SALARIES, SALARY DIFFERENTIALS, AND OTHER COMPENSATIONS AND EMOLUMENTS;

(5) CONDUCT TESTS, INTERVIEWS, EVALUATION OF APPLICATIONS AND RECOMMEND PLACEMENT OF QUALIFIED APPLICANTS.

(6) ACT AS CUSTODIAN OF RECORD OF PERSONNEL IN HIS JURISDICTION;

(7) PROVIDE APPROPRIATE SECRETARIAT SERVICES FOR THE PROMOTION AND SELECTION BOARD;

- (8) DESIGN MODULES FOR THE TRAINING REQUIREMENTS, COORDINATE AND CONDUCT IN-HOUSE SEMINARS, WORKSHOPS AND TRAINING FOR EMPLOYEES;
- (9) PREPARE STUDIES ON EMPLOYEE BENEFITS, AND PROPOSE POLICY ORDERS DESIGNED FOR EMPLOYEES' WELFARE;
- (10) COORDINATE WITH THE CIVIL SERVICE COMMISSION ON PERSONNEL MATTERS; AND
- (11) EXERCISE OTHER POWERS AND PERFORM OTHER DUTIES AND FUNCTIONS AS MAY BE PROVIDED BY LAW OR ORDINANCE.

#### **ARTICLE TWELVE - THE AGRICULTURIST**

**SECTION 143.** Section 482 of the Code is hereby amended to read as follows:

**Section 482. *Qualifications, Powers and Duties.*** - (a) No person shall be appointed agriculturist unless he is a citizen of the Philippines, a resident of the local government unit concerned, of good moral character, a holder of a college degree in agriculture or any related course from a recognized college or university and a first grade civil service eligible or its equivalent. He must have practiced his profession in agriculture or acquired experience in a related field for at least five (5) years in the case of the provincial or city agriculturist, and three (3) years in the case of the municipal agriculturist.

"The position of an agriculturist shall be mandatory for the provinc[ial]ES [government,] MUNICIPALITIES and [optional for the] cit[y]IES WHICH HAVE AGRICULTURAL AREAS [and urban municipal governments].

#### **ARTICLE THIRTEEN -**

##### **THE SOCIAL WELFARE AND DEVELOPMENT OFFICER**

**SECTION 144.** Section 483. Qualifications, Powers and Duties of the Code is hereby amended to read as follows:

**Section 483. *Qualifications, Powers and Duties.*** - (a) No person shall be appointed social welfare and development officer unless he is a citizen of the

Philippines, a resident of the local government unit concerned, of good moral character, a duly licensed social worker [ or a holder of a college degree preferably in sociology or any related course from recognized college or university, and a first grade civil service eligible or its equivalent ]. He must have acquired experience in the practice of social work for at least five (5) years in the case of the provincial or city social welfare and development officer, and three (3) years in the case of the municipal social welfare and development officer.

The appointment of social welfare and development officer is mandatory for the provincial, [and] city [government and optional for] and municipal governments.

#### **ARTICLE FOURTEEN -**

#### **THE ENVIRONMENT AND NATURAL RESOURCES OFFICER**

**SECTION 145.** Section 484 of the Code is hereby amended to read as follows:

**Section 484 – *Qualifications, Powers and Duties.*** – (a) No person shall be appointed environment and natural resources officer unless he is a citizen of the Philippines, a resident of the local government unit concerned, of good moral character, a holder of a college degree preferably in environment, forestry, agriculture or any related course from a recognized college or university, and a first grade civil service eligible or its equivalent. He must have acquired experience in environmental and natural resources management, conservation, and utilization, for at least five (5) years in the case of the provincial or city environment and natural resources officer, and three (3) years in the case of the municipal environment and natural resources officer.

The appointment of the environment and natural resources officer is [optional] MANDATORY for the provincial[,] AND city [and] BUT OPTIONAL FOR municipal governments.

(b) xxx

#### **ARTICLE SEVENTEEN -**

#### **THE COOPERATIVES OFFICER**

**SECTION 146.** Section 487 (a) of the Code is hereby amended to read as follows:

**Section 487 – Qualifications, Powers and Duties.** – (a) No person shall be appointed cooperatives officer unless he is a citizen of the Philippines a resident of the local government unit concerned, of good moral character, a holder of a college degree preferably in business administration with special training in cooperatives or any related course from a recognized college or university, and a first grade civil service eligible or its equivalent. He must have experience in cooperatives organization and management for at least five (5) years in the case of the provincial or city cooperatives officer, and three (3) years in the case of the municipal cooperatives officer.

The appointment of the cooperatives officer is [optional] MANDATORY for the provincial and city [,] [and] BUT OPTIONAL FOR municipal governments.

**SECTION 147.** Section 492 of the Code is hereby amended to read as follows:

**Section 492. Representation, Chapters, National Liga** – Every barangay shall be represented in said *liga* by the *punong barangay* or, in his absence or incapacity, by [a] THE HIGHEST RANKING sanggunian member [duly elected for the purpose among its members], who shall attend meetings or deliberations called by the different chapters of the liga. xxx"

**SECTION 148.** Section 508 of the Code is hereby amended to read as follows:

**Section 508. Organizations** - (a) Vice-governors, vice-mayors, sangguniang members of barangays, municipalities, component cities, highly urbanized cities and municipalities, and other [elective] officials and local government units, including those of the Metropolitan Manila area and any metropolitan political subdivisions, may form their respective leagues or federations, subject to applicable provisions of this title and pertinent provisions of this Code.

## BOOK FOUR

### MISCELLANEOUS AND FINAL PROVISIONS

#### Title One – Penal Provisions

**SECTION 149.** Section 513 of the Code is hereby amended to read as follows:

**Section 513 – *Failure To Post and Publish the [Itemized] Monthly [Collections and Disbursements] STATEMENTS OF INCOME AND EXPENDITURES.*** - Failure by the local treasurer or the local chief accountant to post the [itemized] monthly [collections and disbursements] STATEMENTS OF INCOME AND EXPENDITURES of the local government unit concerned within ten (10) days following the end of every month and for at least two (2) consecutive weeks at prominent places in the main office building of the local government unit concerned, its plaza and main street, and to publish said [itemization] STATEMENTS OF INCOME AND EXPENDITURES in a newspaper of general circulation, where available, in the territorial jurisdiction of such unit, shall be punishable by a fine not exceeding [Five hundred pesos (P500.00)] **TEN THOUSAND PESOS (P10,000.00)** or by imprisonment not exceeding [one (1) month] **ONE (1) YEAR** , or both such fine and imprisonment, at the discretion of the court.

**SECTION 150.** Section 516 of the Code is hereby amended to read as follows:

**Section 516 – *Penalties for Violation of Tax Ordinances.*** – The sanggunian of a local government unit is authorized to prescribe fines or other penalties for violation of tax ordinances but in no case shall such fines be less than One thousand pesos (P1,000.00) nor more than [Five] **TEN thousand pesos [(P5,000.00)], (P10,000.00)** nor shall imprisonment be less than one (1) month nor more than six (6)months. Such fine or other penalty, or both, shall be imposed at the discretion of the court. The sangguniang barangay may prescribe a fine of not less than One hundred pesos (P100.00) nor more than One thousand pesos (P1,000.00) **OR IMPRISONMENT OF NOT MORE THAN ONE (1) MONTH OR BOTH AT THE DISCRETION OF THE COURT.**

**SECTION 151.** Add new section 521 to read as follows:

**SECTION 521 – PENALTIES FOR VIOLATIONS OF OTHER PROVISIONS OF THE CODE.** ANY VIOLATION OF PROVISIONS OF THIS CODE NOT OTHERWISE SPECIFICALLY PENALIZED SHALL BE PUNISHED WITH A FINE NOT EXCEEDING FIVE THOUSAND PESOS (P5,000.00) OR IMPRISONMENT OF NOT MORE THAN SIX (6) MONTHS OR BOTH AT THE DISCRETION OF THE COURT.

**SECTION [521] 522. *Mandatory Review Every Five Years.* xxx**

**SECTION [522] 523. *Insurance Coverage.* xxx**

**SECTION [523] 524. *Personnel Retirement and/or Benefits.* xxx**

**SECTION 150.** Section 524 of the Code is hereby amended to read as follows:

**Section [524] 525 – *Inventory of Infrastructure and ESTABLISHMENT OF Other Community Facilities* –**

(a) Each local government unit shall conduct a periodic inventory of infrastructure and other community facilities and undertake the maintenance, repair, improvement, or reconstruction of these facilities through a closer cooperation among the various agencies of the National Government operating within the province, city, or municipality concerned.

(b) No infrastructure or community project within the territorial jurisdiction of any local government unit shall be undertaken without informing the local executive and the sanggunian concerned AND COMPLIANCE WITH THE REQUIREMENTS OF SECTIONS 2 (D), 26 AND 27 OF THIS CODE.

**SECTION [525] 526. *Records and Properties.* - xxx**

**TITLE THREE – TRANSITORY PROVISIONS**

**SECTION [526] 527. *Application of this Code to Local Government Units in the autonomous Regions.* - xxx**

**SECTION [527] 528. *Prior Approval or Clearance on Regular and Recurring Transactions.* - xxx**

**SECTION [528] 529. *Deconcentration of Requisite Authority and Power -***

**xxx**

**SECTION [529] 530 – *Tax Ordinance or Revenue Measures. - xxx***

**SECTION 151.** Section 530 of the Code is hereby amended to read as follows:

**Section [530] 531 – *Local Water Districts.*** – All powers, functions, and attributes granted by Presidential Decree Numbered One hundred ninety - eight ( P.D. 198 ), otherwise known as “ The Provincial Water Utility Act of 1973, “ to the Local Water Utilities Administration (LWUA) [may] SHALL be devolved into the existing local water district or THE LOCAL GOVERNMENT UNIT should they opt or choose to exercise, in writing, such powers, functions and attributes: Provided, That all obligations of the local water district concerned to the LWUA, IF ANY, shall first be settled prior to said devolution: PROVIDED, FURTHER, THAT LOCAL GOVERNMENT UNIT OPERATING A LOCAL WATER SYSTEM SHALL BE EXEMPTED FROM PAYMENT OF TARIFF AND DUTIES ON IMPORTED MACHINERY AND EQUIPMENT DIRECTLY USED IN THE OPERATION AND MAINTENANCE OF THE WATER SYSTEM.

**SECTION [531] 532. *Debt Relief for Local Government Units. - xxx***

**SECTION [532] 533. *Election for the Sangguniang Kabataan. - xxx***

**SECTION 152.** Section 533 of the Code is hereby amended to read as follows:

**Section [533] 534. *Formulation of Implementing Rules and Regulations. - (a)***

With one month after the approval of this Code, the President shall convene the oversight Committee as herein provided for. The said Committee shall formulate and issue the appropriate rules and regulations necessary for the efficient and effective implementation of any and all provisions of this Code, thereby ensuring compliance with the principles of local autonomy as defined under the Constitution.

(b) The Committee shall be composed of the following:

(1) The Executive Secretary who shall be the Chairman;

(2) [Three (3) members of the Senate to be appointed by the President of the Senate, to include] THE CHAIRMAN OF THE SENATE COMMITTEE ON LOCAL GOVERNMENT OR HIS DULY AUTHORIZED REPRESENTATIVE

(3) [Three (3) members of the House of Representatives to be appointed by the Speaker, to include] THE CHAIRMAN OF THE HOUSE COMMITTEE ON LOCAL GOVERNMENT OR HIS DULY AUTHORIZED REPRESENTATIVE.

(4) The Cabinet represented by the following:

- (i) Secretary of the Interior and Local Government OR HIS UNDERSECRETARY;
- (ii) Secretary of Finance OR HIS UNDERSECRETARY;
- (iii) Secretary of Budget and Management OR HIS UNDERSECRETARY;

(5) One representative from each of the following:

- (i) The league of Provinces;
- (ii) The League of Cities;
- (iii) The League of Municipalities; and
- (iv) The *Liga ng mga Barangay*;

(6) ONE REPRESENTATIVE FROM EACH OF THE NATIONAL AGENCIES WITH DEVOLVED FUNCTIONS

(c) The Committee shall submit its report and recommendation to the President within two (2) months after its organization. If the president fails to act within thirty (30) days from receipt thereof, the recommendation of the Oversight Committee shall be deemed approved. Thereafter, the Committee shall supervise the transfer of such powers and functions mandated under this Code to the local government units together with the corresponding personnel, properties, asset and liabilities of the offices or agencies concerned, with the least possible disruptions to existing programs and projects. The Committee shall likewise recommend the corresponding appropriations necessary to effect the said transfer.

For this purpose, the services of a technical staff shall be enlisted from among the qualified employees of Congress, the government offices and the leagues constituting the Committee.

THE COMMITTEE SHALL NOW DISCHARGE THE FOLLOWING FUNCTIONS:

- (1) ASSIST THE OFFICE OF THE PRESIDENT IN THE FORMULATION OF POLICIES AND SERVE AS THE CENTRAL CLEARING BODY FOR THE ISSUANCE OF POLICIES RELATIVE TO THE EXECUTIVE INTERPRETATION OF THE LOCAL GOVERNMENT CODE;
- (2) SERVE AS THE VENUE FOR CONSULTATION TO VENTILLATE, ARTICULATE AND CONCEPTUALIZE ISSUES AFFECTING LOCAL GOVERNANCE AND THE PROMOTION OF LOCAL AUTONOMY;
- (3) COORDINATE EFFORTS OF VARIOUS NATIONAL GOVERNMENT AGENCIES, THE DIFFERENT LOCAL GOVERNMENT LEAGUES, NON-GOVERNMENTAL AND PEOPLE'S ORGANIZATIONS, AND THE PRIVATE SECTOR IN THE IMPLEMENTATION OF THE LOCAL GOVERNMENT CODE OF 1991; AND
- (4) MONITOR THE IMPLEMENTATION OF VARIOUS ISSUES AND POLICIES THROUGH REGIONAL ACTION TEAMS.

THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT SHALL SERVE AS THE COORDINATING ARM OF THE OVERSIGHT COMMITTEE.

SUCH AMOUNTS AS MAY BE NECESSARY FOR THE OVERSIGHT COMMITTEE'S OPERATING AND OTHER EXPENSES SHALL BE CHARGED AGAINST THE APPROPRIATIONS OF THE DEPARTMENT OF THE INTERIOR AND LOCAL GOVERNMENT.

#### **TITLE FOUR – FINAL PROVISIONS**

**SECTION 154** – Section 534 of the Code is hereby amended to read as follows:

**Section [534] 535 – *Repealing Clause* –**

- (a) xxx
- (b) xxx

(e) The PROVISIONS OF THE following [provisions] LAWS AND PRESIDENTIAL DECREES are hereby repealed or amended insofar as they are inconsistent with the provisions of this Code: Sections 2, 16, and 29 of Presidential Decree 704; Section 12 of Presidential Decree No. 87, as amended; Sections 52, 53, 66, 67, 68, 70, 71, 72, and 74 of Presidential Decree No. 463; Section 16, of Presidential Decree No., 972, as amended; SECTION 18 OF REPUBLIC ACT 8550 AS AMENDED; SECTIONS 201, 203, 205, 206, AND 207 OF PRESIDENTIAL DECREE NO. 1096; SECTIONS 3, 4, 5, 6, 8, 9, AND 10 OF PRESIDENTIAL DECREE NO. 957; SECTION 4 AND SECTION 22, PARAGRAPHS (2) and (3), CHAPTER I, TITLE V OF EXECUTIVE ORDER NO. 292, SERIES OF 1987; SECTION 13, PARAGRAPH 2) OF PRESIDENTIAL DECREE NO. 1869; and

(f) All general and special laws, acts, city charters, decrees, executive orders, proclamations and administrative regulations, or part or parts thereof which are inconsistent with any of the provisions of this Code are hereby repealed or modified accordingly.

**SECTION 155** – Section 535 of the Code is hereby amended to read as follows:

**Section [535] 536 – *Separability Clause*** - If, for any reason or reasons, any part or provision of this Code shall be held unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

**SECTION 156** – Section 536 of the Code is hereby amended to read as follows:

**Section [536] 537 – *Effectivity Clause*** – This Code shall take effect on January first, nineteen hundred ninety-two, unless otherwise provided herein, after its complete publication in at least [one (1) newspaper] TWO (2) NATIONAL NEWSPAPERS of general circulation.

Approved.