

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

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 6883



Introduced by **HON. EDGAR M. CHATTO**
First District, Bohol

EXPLANATORY NOTE

Under the Local Government Code of 1991, local government units, on top of their internal revenue allotment, are entitled to 40 percent (40%) of the National Treasury's annual gross earnings "from mining taxes, royalties from mineral reservations, forestry charges, and fees and revenues collected from energy resources" to fund local development and livelihood projects.

In the case of local governments that get their shares from the harvest of energy assets – hydrothermal, geothermal and other sources of energy – they must use at least 80 percent of the money solely to reduce the cost of electricity in the communities that supplied the resources.

This provision in the LGC has, at times, defeat the purpose for which it is intended when LGUs utilize the money for non-priority projects just for the sake of compliance.

The proposed amendment removes the impediment in utilization. Thus, a local government unit where such source of energy is located and receives its revenue therefrom will still be given the directive to use it to lower the cost of electricity in the locality. However, unutilized funds may be used to fund approved local development investment program and annual investment program. This will provide LGUs with enough elbow room to spend for their priority programs.

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

REP. EDGAR M. CHATTO

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AN ACT
TO ENHANCE THE USE OF NATIONAL WEALTH FOR LOCAL
DEVELOPMENT BY AMENDING CERTAIN PROVISIONS IN BOOK II OF
REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS THE
“LOCAL GOVERNMENT CODE OF 1991”

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

SECTION 1. – Section 294 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 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 local government and livelihood projects **IN THE APPROVED LOCAL DEVELOPMENT INVESTMENT PROGRAM AND ANNUAL INVESTMENT PROGRAM**: Provided, however, That [at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the local government unit where such a source of energy is located.] **THE PROCEEDS, OR A PORTION THEREOF DERIVED FROM THE DEVELOPMENT AND UTILIZATION OF HYDROTHERMAL, GEOTHERMAL, AND OTHER SOURCES OF ENERGY MAY BE APPLIED, AT THE OPTION OF THE LOCAL GOVERNMENT UNIT, TO LOWER THE COST OF ELECTRICITY IN THE LOCAL GOVERNMENT UNIT WHERE SUCH SOURCE OF ENERGY IS LOCATED.**”

SECTION 2. A new Section 294-A is hereby added to read as follows:

“SECTION 294-A. USE OF UNUTILIZED SHARES. – THE CONCERNED LOCAL GOVERNMENT UNITS ARE HEREBY AUTHORIZED TO USE THE PROCEEDS PREVIOUSLY DERIVED FROM THE DEVELOPMENT AND UTILIZATION OF HYDROTHERMAL, GEOTHERMAL AND OTHER

SOURCES OF ENERGY WHICH REMAIN UNUTILIZED, IN ACCORDANCE WITH THEIR APPROVED LOCAL DEVELOPMENT INVESTMENT PROGRAM AND ANNUAL INVESTMENT PROGRAM.”

SECTION 3. Repealing Clause. – All laws, presidential decrees, executive orders and rules and regulations, or parts thereof, inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SECTION 4. Separability Clause. – If any portion or provision of this Act is subsequently declared invalid or unconstitutional, other provisions hereof which are not affected thereby shall remain in full force and effect.

SECTION 5. Effectivity Clause. – This Act shall take effect fifteen (15) days following the completion of its publication in the Official Gazette or in two (2) national newspapers of general circulation.

Approved.