

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

**EIGHTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 451**



---

Introduced by **Representative Manuel Luis T. Lopez**

---

#### **EXPLANATORY NOTE**

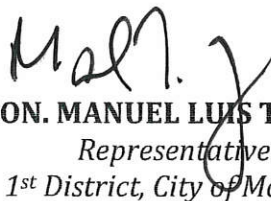
The 1987 Philippine Constitution recognizes the right of the local government units to share in the national taxes. Section 6 Article X of the 1987 Constitution provides: "*[l]ocal government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.*"

Two of the biggest collectors of national taxes are the Bureau of Customs and the Philippine Ports Authority. Although the users of the port facilities are charged by said government agencies, the local government units where the port facilities are located do not receive a portion from the collection.

It must be noted that the port facility users also utilize the local government units' resources, more specifically, the access roads leading to the port facilities. Hence, it is only just to allow the local government units to receive a portion of the collection for the maintenance and repair of the access roads and for the implementation of other local projects.

This measure, which was first filed in the 17<sup>th</sup> Congress by this representation and has been pending with the Committee on Ways and Means since May 29, 2017, seeks to uphold just share of taxes and prioritize the employment of the residents within the locality of the port.

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

  
**HON. MANUEL LUIS T. LOPEZ**  
Representative  
1<sup>st</sup> District, City of Manila

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

**EIGHTEENTH CONGRESS**  
First Regular Session

**HOUSE BILL NO. 451**

---

Introduced by **Representative Manuel Luis T. Lopez**

---

**AN ACT**  
**IMPLEMENTING THE CONSTITUTIONAL MANDATE OF JUST SHARE OF TAXES OF**  
**THE LOCAL GOVERNMENT TO INCLUDE DUES IMPOSED BY THE PHILIPPINE PORTS**  
**AUTHORITY AND BUREAU OF CUSTOMS**

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

1 **SECTION 1. Short Title.** – This Act shall be known as “*Local Government Customs Duties*  
2 *and Port Dues Act of 2019.*”  
3

4 **SEC. 2. Declaration of Policy.** – It is hereby declared the policy of the State to recognize  
5 the right of the local government units to have a just share in the national taxes, which  
6 shall be automatically released to them.  
7

8 The State shall take all appropriate measures to ensure that the local government units  
9 get a just share of all national taxes collected to enable the local government units to  
10 implement their programs and policies for their constituents.  
11

12 **SEC. 3. Definition of Terms.** – As used in this Act, the following terms are defined as  
13 follows:  
14

15 (a) *Local Government Units or LGU* – refer to autonomous regions, provinces,  
16 subprovinces, cities, municipalities and barangays;  
17

18 (b) *Bureau of Customs or BOC* – refers the government entity under the  
19 Department of Finance which has jurisdiction over the assessment and  
20 collection of the lawful revenues from imported articles and all other dues,  
21 fees, charges, fines and penalties accruing under the tariff and customs  
22 laws;  
23

24 (c) *Customs Duties* – refers to dues, fees, charges, fines and penalties accruing  
25 under Presidential Decree No. 1464, as amended or other known as the  
26 *Tariff and Customs Code*;

(d) *Philippine Ports Authority or PPA* – refers the government entity created under Presidential Decree No. 505, as amended, which is mandated, among others, to supervise, control, regulate, construct, maintain, operate, and provide such facilities or services as are necessary in the ports vested in, or belonging to the Authority;

(e) *Dues* – refers to harbor fees, tonnage and wharfage dues, berthing charges, and port dues imposed under the Tariff and Customs Code which the PPA has the authority to collect under Presidential Decree No. 505, as amended.

**SEC. 4. Share in Bureau of Customs Duties.** – The local government unit where the port facility is located shall, in addition to the internal revenue allotment, have a share of twenty percent (20%) of the gross collection of customs taxes received by the Bureau of Customs, through its Collector, from the conduct of activities in ports within the jurisdiction of a local government unit concerned.

**SEC. 5. Share in Philippine Ports Authority Dues.** - The local government unit where the port facility is located shall likewise have a share of twenty percent (20%) of the gross collection of dues received by the Philippine Ports Authority from the conduct of activities in ports within the jurisdiction of a local government unit concerned.

**SEC. 6. Allocation of Bureau of Customs Duties and Philippine Ports Authority Share.**  
– The share in the Sections 4 and 5 shall be distributed in the following manner:

(a) Where the port facility is located:

- 1) Province – Twenty percent (20%);
- 2) Component City/Municipality Forty-Five percent (45%);
- 3) Barangay – Thirty-five percent (35%).

Provided, however, that where the port facility is located in two (2) or more provinces, or in two (2) or more component cities or municipalities or in two (2) or more barangays, their respective shares shall be computed on the basis of:

- 1) Population - Seventy percent (70%); and
- 2) Land area - Thirty percent (30%)

(b) Where the port facility is located in a highly urbanized or independent component city:

- 1) City - Sixty-five percent (65%); and
- 2) Barangay - Thirty-five percent (35%)

1            Provided, however, That where the port facility is located in two (2) or more cities,  
2            the allocation of shares shall be based on the formula on population and land area  
3            as specified in paragraph (a) of this Section.  
4

5            **SEC. 7. Remittance of the Share of Local Government Units.** – The share of local  
6            government units in the BOC duties and PPA dues shall be remitted in accordance with  
7            Section 286 of the Local Government Code.  
8

9            **SEC. 8. Development and Livelihood Projects.** – The proceeds received from the share  
10           of local government units pursuant to Sections 4 and 5 shall be appropriated by their  
11           respective sanggunian to finance the maintenance and repair of the access roads leading  
12           to the port facilities and other local government and livelihood projects.  
13

14           **SEC. 9. Preference to Local Labor.** The Pier Owner shall give priority in employment to  
15           qualified personnel in the municipality, city or province where port facilities are located.  
16

17           **SEC. 10. Monitoring.** – The respective local treasurer of the local government unit  
18           concerned shall be tasked to monitor the remittance of the local government unit's share  
19           in BOC duties and PPA dues.  
20

21           **SEC. 11. Reporting.** – The BOC and the PPA shall submit to the President and the Congress  
22           an annual report on the remittance under this Act.  
23

24           **SEC. 12. Amendatory and Repealing Clause.** – All laws, decrees, orders, rules and  
25           regulations, ordinances, or any parts thereof, inconsistent herewith are hereby repealed  
26           or modified accordingly.  
27

28           **SEC. 13. Separability Clause.** - If any provision or part hereof is held invalid or  
29           unconstitutional, the remainder of the law or the provision not otherwise affected shall  
30           remain valid and subsisting.  
31

32           **SEC. 14. Effectivity Clause.** - This Act shall take effect fifteen (15) days after its  
33           publication in at least two (2) national newspapers of general circulation.  
34  
35

36           Approved,