

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

**EIGHTEENTH CONGRESS**  
First Regular Session

**4804**

**HOUSE BILL No. \_\_\_\_\_**



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**Introduced by: REPRESENTATIVE MARISOL C. PANOTES**

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**EXPLANATORY NOTE**

Under the original provision of Republic Act No. 7160 of the Local Government Code of 1991 as amended, specifically Section 450, the income requirement for the conversion of a municipality or cluster of barangays into a component city was fixed at an average annual income for two (2) consecutive years of Twenty Million Pesos, including the Internal Revenue Allotment (IRA) shares, and all other incomes. However, with the implementation of Republic Act No. 9009 in 2001, which effectively amended the aforementioned provision of the Code, the income requirement was not only significantly increased to One Hundred Million Pesos (P100,000,000.00) but also limited to locally generated incomes only thereby excluding the IRA shares and other incomes.

Ironically, the income requirements for the creation of provinces and highly urbanized cities are very much lower than in creating component cities. Sections 452 and 461 of the Local Government Code of 1991 only require an average annual income for two (2) consecutive years of Fifty Million Pesos (P50,000,000.00) and Twenty Million Pesos (P20,000,000.00) for the creation of a highly urbanized city and province respectively, which even include the IRA shares and all other incomes.

Under this situation, the capital towns, which have been considered as the face or reflection of provinces, are placed in a very disadvantaged position thereby hindering their progress and prosperity to the detriment of their constituents.

This bill therefore, seeks to exempt the capital town of a province without a city from the requisites prescribed for its conversion into a component city by further amending Section 450 of Republic Act No. 7160, as amended, otherwise known as the Local Government Code of 1991 to propel its growth and development.

The foregoing reasons warrant the immediate approval of this important legislative measure.

  
**MARISOL C. PANOTES**  
Representative  
Second District, Camarines Norte

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**AN ACT**  
**EXEMPTING THE CAPITAL TOWN OF A PROVINCE WITHOUT A CITY,**  
**FROM THE REQUISITES FOR ITS CONVERSION INTO A COMPONENT**  
**CITY, AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT No.**  
**7160, AS AMENDED BY REPUBLIC ACT No. 9009, OTHERWISE KNOWN AS**  
**THE LOCAL GOVERNMENT CODE OF 1991**

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

**SECTION 1.** Section 450 of Republic Act No. 7160 as amended by Republic Act No. 9009, otherwise known as the Local Government Code of 1991 is hereby further amended to read as follows:

**“Section 450. Requisites for Creation.** – (a) A municipality or a cluster of barangays may be converted into a component city if it has a locally generated average annual income, as certified by the Department of Finance, of at least One hundred million pesos (P100,000,000.00), for the last two (2) consecutive years based on 2000 constant prices, and if it has either of the following requisites:

(i) a contiguous territory of at least one hundred (100) square kilometers, as certified by the Land Management Bureau; or

(ii) a population of not less than one hundred fifty thousand (150,000) inhabitants, as certified by the [National Statistics Office] PHILIPPINE STATISTICS AUTHORITY (PSA).

**THE REQUISITES PRESCRIBED HEREIN SHALL NOT APPLY TO THE CAPITAL TOWN OF A PROVINCE WITHOUT A CITY.**

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) The territorial jurisdiction of a newly-created city shall be properly identified by metes and bounds. The requirement on land area shall not apply where the city proposed to be created is composed of one (1) or more islands. The territory need not be contiguous if it comprises two (2) or more islands.

(c) The average annual income shall include the income accruing to the general fund, exclusive of special funds, transfers, and non-recurring income.”

**SEC. 3.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

*Approved,*