

**Republic of the Philippines**  
**HOUSE OF REPRESENTATIVES**  
**EIGHTEENTH CONGRESS**  
**First Regular Session**

**HOUSE BILL NO. 5572**



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**INTRODUCED BY REPRESENTATIVE ANN K. HOFER**

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**EXPLANATORY NOTE**

This bill seeks to exempt from the income requirement set forth in Section 450 of Republic Act No. 7160, as amended, otherwise known as the Local Government Code of 1991, the capital towns of provinces without an existing city.

The Local Government Code requires the following prior to a municipality or a cluster of barangays' conversion into a component city:

- (i) a locally generated average annual income of at least one hundred million pesos (P100,000,000.00) for the last two (2) consecutive years based on 2000 constant prices; and, either
- (ii) a contiguous territory of at least one hundred (100) square kilometers, as certified by the Land Management Bureau; or
- (iii) a population of not less than one hundred fifty thousand (150,000) inhabitants.

Of the 81 provinces of the country, 27—or more than one third—do not have a city. Of these 27 provinces, 18 satisfy either of the two other requisites. These provinces are: (1) Abra; (2) Ifugao; (3) Mountain Province; (4) Apayao; (5) Nueva Vizcaya; (6) Quirino; (7) Marinduque; (8) Occidental Mindoro; (9) Catanduanes; (10) Guimaras; (11) Northern Samar; (12) Biliran; (13) Zamboanga Sibugay; (14) Compostela Valley; (15) Davao Occidental; (16) Sarangani; (17) Sulu; and (18) Tawi-Tawi. At least 1.14 million inhabitants of these 18 municipalities may benefit from this income requirement exemption, should their municipalities' conversion to cities push through.

Converting municipalities or a cluster of barangays into a component city increases their share from the revenues generated by the national government or the Internal Revenue Allotment (IRA). This increased share from the government coffers allows the local government to better finance basic services and fund projects. It serves as an impetus of development and a financial equalizing mechanism. An increased share in the IRA helps the local government engage in development activities, which ultimately translates to socio-economic development for the people.

In view of the foregoing reasons, immediate approval of this measure is earnestly sought.

  
**ANN K. HOFER**  
Representative

2<sup>nd</sup> District, Zamboanga Sibugay

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**Introduced by: REP. ANN K. HOFER**

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**AN ACT**  
**EXEMPTING FROM THE INCOME REQUIREMENT THE CAPITAL TOWN**  
**OF A PROVINCE WITHOUT A CITY, AMENDING FOR THE PURPOSE**  
**SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED, 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 450 of Republic Act No. 7160, as amended, 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).**”

***Provided, That,*** [T]he 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.

***Provided further, That*** the capital town of provinces where there are no existing city shall be exempt from the prescribed income requirement.

(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. 2.** All laws, decrees, orders, rules and regulations and other issuances or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

**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,*