



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

**EIGHTEENTH (18<sup>th</sup>) CONGRESS**  
First Regular Session

**HOUSE BILL NO. 713**

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Introduced by REP. JOSE CHRISTOPHER Y. BELMONTE

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#### **EXPLANATORY NOTE**

House Bill No. 6910 entitled “*An Act Empowering Local Government Units to Grant Additional Fiscal Incentives to Personnel*” was originally filed by this Representation towards the end of the Second Regular Session of the 17<sup>th</sup> Congress. The measure was then referred to the Committee on Local Government for proper deliberation.

This bill was filed in line with Section 3, Article X (Local Government) of the 1987 Constitution, provides that the Congress shall enact a local government code which shall allocate among the different local government units their powers, responsibilities, and resources, and provide for the qualifications, election, appointment and removal, term, salaries, powers and functions and duties of local officials, and all other matters relating to the organization and operation of the local units.

Personnel are key assets in functional and effective local government units. They are the conduit through which government programs and policies are implemented. They are the corporal agents through which the mandate of the State and its instruments are translated into concrete and tangible service to the public.

These observations cannot be any truer than in the context of our local government units. Our public servants are always on the frontline of providing public service to our constituents and at the same time, ensuring that fiscal goals of their respective units are met. They are vital partners of the state in realizing local and national development objectives and aspirations.

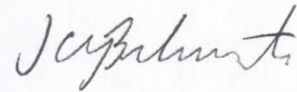
However, most local government personnel are not well compensated. They receive salaries that often are not at par with their level of expertise. Many are tempted to leave local government service in exchange for attractive compensation packages offered by the private sector locally and abroad. Even fresh graduates or

those looking for jobs hardly consider taking a career in serving at the local government level primarily because of the meager compensation. The brain drain phenomenon is very much apparent in the local government setting.

To address this, there is a need to offer equitable compensation to local government personnel in accordance with the value of their competencies and hard work. Local governments that have the financial capability to offer bigger compensation packages are clasped from doing so because of legal and procedural obstacles in providing additional benefits to their employees.

Through this bill, this Representation seeks to empower local governments to provide additional benefits and incentives to employees within known parameters and qualifications especially on the financial capacity of the local government unit to adopt a personnel incentive plan. If we are to keep good men and women in our local capitols, we must think of them and that of their families' welfare.

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

A handwritten signature in cursive script, appearing to read "J. Capalant".



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**AN ACT EMPOWERING LOCAL GOVERNMENT UNITS  
TO GRANT ADDITIONAL FISCAL INCENTIVES TO PERSONNEL**

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

1       SECTION 1. *Short Title.* – This Act shall be known as the “Local Government  
2       Personnel Fiscal Incentives Act.”

3       SEC. 2. *Declaration of Policy.* – It is the policy of the State to pay just and equitable  
4       compensation to local government personnel in accordance with the principle of equal pay  
5       for work of equal value and one that is generally comparable with those in the private sector  
6       doing comparable work in order to attract, retain and motivate a corps of competent civil  
7       servants.

8       SEC. 3. *Fiscal Incentives for Local Government Personnel.* – In addition to the basic  
9       salary, bonuses and other compensation granted by law, rules and regulations, all local  
10      government units may provide fiscal incentives to its personnel not exceeding fifteen percent  
11      (15%) of its median annual revenue for the last three (3) years, which may include the  
12      following:

- 13           a) performance bonus;  
14           b) rice and food allowance;  
15           c) clothing allowance;  
16           d) health maintenance organization (HMO) coverage;  
17           e) housing benefits; and



1 f) other similar benefits and facilities.

2 SEC. 4. *Conditions for Granting Fiscal Incentives.* – Fiscal incentives for local  
3 government employees under this Act shall be proposed by the local chief executive subject  
4 to the concurrence of the local *Sanggunian* in an ordinance passed for the purpose, *Provided*  
5 the following conditions are met:

- 6 a) annual fiscal incentives for employees shall be subject to the limitations provided  
7 under Title V, Book II and other pertinent provisions of Republic Act No. 7160,  
8 otherwise known as the “Local Government Code of 1991;”  
9 b) appropriations for annual fiscal incentives shall be sourced from any savings the  
10 local government unit may have at the end of the fiscal year;  
11 c) in no case shall the total appropriations for fiscal incentives exceed the savings of  
12 the local government unit in the immediately preceding fiscal year;  
13 d) as certified by its Treasurer, the local government unit must have a budget surplus  
14 from the immediately preceding fiscal year available for disbursement in cash,  
15 and not earmarked for any other purpose;  
16 e) as certified by the Department of Interior and Local Government, the local  
17 government unit has satisfactorily implemented its performance targets, policies  
18 and programs; and  
19 f) the implementation of a fiscal incentive plan shall not downgrade the local  
20 government unit into a lower income class local government unit.

21 SEC. 5. *Fiscal Incentives Plan* – Local chief executives shall submit the local  
22 government unit’s fiscal incentives plan for its personnel and the ordinance approving the  
23 same to the Department of Budget and Management specifying that the requirements  
24 provided in Section 4 herein have been duly complied with.

25 SEC. 6. *Appropriations.* – The amount necessary to implement an approved fiscal  
26 incentives plan for employees shall be sourced from the general fund of the local government  
27 unit and shall form part of its annual budget.

28 SEC. 7. *Implementing Rules and Regulations.* – The Department of Budget and  
29 Management shall issue the implementing rules and regulations not later than ninety (90)  
30 days from the approval of this Act.

31 SEC. 8. *Separability Clause.* – If any provision or part of this Act, or any part thereof,  
32 be declared unconstitutional or invalid, the same shall not affect the validity and effectivity of  
33 the other portions.

1        SEC. 10. *Repealing Clause.* –All laws, executive orders, presidential decrees,  
2        proclamations, rules and regulations, issuances and enactments or parts thereof inconsistent  
3        with the provisions of this Act are hereby amended or repealed accordingly.

4        SEC. 11. *Effectivity.* –This Act shall take effect fifteen (15) days after its publication  
5        in the *Official Gazette* or in a newspaper of general circulation.

6        *Approved,*