

Republic of the Philippines  
HOUSE OF REPRESENTATIVES  
Quezon City

SEVENTEENTH CONGRESS  
First Regular Session

HOUSE BILL No. **3195**

HOUSE OF REPRESENTATIVES

**RECEIVED**

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REGISTRATION UNIT  
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Introduced by Representatives HORACIO P. SUANSING, JR.  
and ESTRELLITA B. SUANSING

#### AN ACT

**STRENGTHENING THE LOCAL GOVERNMENT UNITS (LGUs) BY INCREASING TO FIFTY PERCENT (50%) THEIR ANNUAL INTERNAL REVENUE ALLOTMENT (IRA) SHARE AND FOR OTHER PURPOSES**

#### EXPLANATORY NOTE

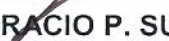
Internal revenue<sup>1</sup> allotment (IRA) is the share of a local government unit (LGU) from the revenues generated by the national government. Provinces, independent and component cities, municipalities and barangays are entitled to IRAs based on their type of government and formula factored on land area and population. Section 284 of **Republic Act 7160**, "*Local Government Code of the Philippines*" provides for the formula on the distribution of IRAs.

By necessary implication, the link between capacity for LGU governance and IRA share is prevalent. Thus, this bill seeks to enhance the capacity for LGU governance by increasing their IRA share from forty percent (40%) to fifty percent (50%). Enlarging the LGU's share in the national taxes will elevate their wherewithal to implement programs and projects initiated by the national government or the LGU themselves. As such, the efficient delivery of basic services, local revenue generation, LGU financial management, performance of public economic enterprises and mechanism for transparency and accountability would all be affected and refined to the satisfaction of the constituents.

The importance of LGUs cannot be overemphasized, from the implementation of infrastructure projects, local education facilities, barangay resolution committee (*Lupon Tagamapayapa*), business permit issuance to calamity relief efforts the LGUs are expected to lead.

Statistically for the year 2016, the total IRA share released to the 43,593 LGUs amount to P428.62 billion<sup>2</sup>. With the proposed 10% increase in the IRA share, it is estimated that the FY 2017 IRA level can reach P608.61 billion which is P121.72 billion or 21.1% higher than the original projection of P480.41 billion (*less the proposed 10% increase*). The difference in the projected figures represent miniscule consideration if the importance of LGUs as cited-above is put forth.

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

  
**HON. HORACIO P. SUANSING, JR.**  
Representative  
2<sup>nd</sup> District of Sultan Kudarat

  
**HON. ESTRELLITA B. SUANSING**  
Representative  
1<sup>st</sup> District of Nueva Ecija

<sup>1</sup> Local Government Code of 1991, cited by wikipedia.org, retrieved on August 22, 2016

<sup>2</sup> Department of Budget and Management, Local Budget Memorandum No. 70 "FY2016 IRA Level and Other Local Budget Preparation Matters", viewed on August 22, 2016

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SHARE AND FOR OTHER PURPOSES

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

**SECTION 1. Short Title.** – This Act shall be known as the “*Equal Income Sharing Act of LGUs 2016*”.

**SEC. 2. Declaration of Policy** – It is hereby declared the policy of the State to promote good governance by local government units (LGUs) and empower government officials and public volunteer workers at the grassroots level.

The State recognizes the need of LGUs to have adequate funds to perform its expenditure responsibilities.

In line with this policy and in cognizance of the crucial role of barangays as the primary planning and implementing units of government policies, programs and projects, the State shall, through the provision of increasing the barangay budget for the payment of compensation, allowances, emoluments and other privileges such as social security benefits, protect the rights and promote the welfare of barangay officials and volunteer workers.

**SEC. 3. Increase in the Annual Internal Revenue Allotment (IRA) Share of LGUs.** – Local government units shall have a share of fifty percent (50%) in the national internal revenue taxes based on the collection of the third fiscal year preceding the current fiscal year.

**PROVIDED.** That the ten percent (10%) increase in the annual internal revenue allotment may be set aside and used for the payment of compensation, allowances, emoluments and other privileges such as social security benefits of barangay officials and volunteer workers.

**SEC. 4. *Implementing Rules and Regulations.*** – The Secretary of the Department of the Interior and Local Government in coordination with the Secretaries of the Department of Finance and the Department of Budget and Management, shall jointly within ninety (90) days from the effectivity of this Act, formulate and promulgate the rules and regulations to implement the provisions of this Act.

**SEC. 5. *Repealing Clause.*** – Section 284 of Republic Act 7160 otherwise known as the “Local Government Code” is hereby amended. All other laws, orders, decrees, issuances, circulars, rules and regulations or parts thereof which are inconsistent with any of the provisions of this Act are hereby repealed or modified accordingly.

**SEC. 6. *Effectivity Clause.*** – This Act shall take effect fifteen (15) days from the date of publication in the Official Gazette or in at least two (2) newspapers of general circulation.

*Approved,*