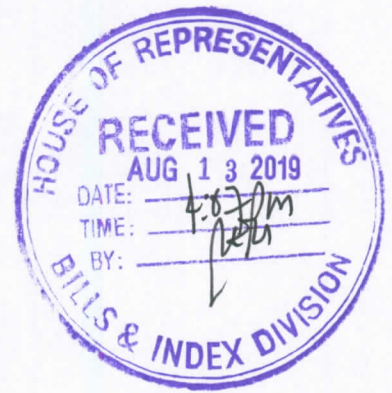


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines



EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 3876

Introduced by **Representative Pablo John F. Garcia**

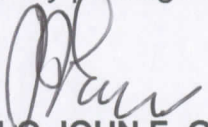
EXPLANATORY NOTE

While Republic Act No. 9009 has made more stringent the income requirement for the conversion of a municipality or cluster of barangays into a component city, the income requirements for the creation of a province and the declaration of highly urbanized status in the case of component cities, have remained the same.

We therefore have a situation where a city may only be created if the income of a municipality or a cluster of barangays is at least P100 million, while for a mere P20 million, a new province may be created. Likewise, we have a situation where, despite the P100 million threshold in the creation of a city, a highly urbanized city may be declared on the basis of a P50 million income.

There is therefore a need to further amend Republic Act No. 7160, otherwise known as the Local Government Code of 1991, in order to rationalize the income requirements for the conversion or declaration of the different species of local government units.

The early passage of this bill, therefore, is urgently sought.


PABLO JOHN F. GARCIA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Philippines

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 3876

Introduced by **Representative Pablo John F. Garcia**

AN ACT

RATIONALIZING THE INCOME REQUIREMENTS FOR THE CREATION OF A PROVINCE AND THE DECLARATION OF HIGHLY-URBANIZED STATUS IN THE CASE OF COMPONENT CITIES, AMENDING FOR THAT PURPOSE REPUBLIC ACT NUMBERED 7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE OF 1991"

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

Section 1. Section 461 of Republic Act No. 7160 is hereby amended to read as follows:

"SEC. 461. *Requisites for Creation.* - (a) A province may be created if it has an average **LOCALLY-GENERATED** annual income **FOR THE LAST TWO CONSECUTIVE YEARS**, as certified by the Department of Finance, of not less than **TWO HUNDRED MILLION PESOS (P200,000,000.00)** based on 2000 constant prices and either of the following requisites:

"(i) a contiguous territory of at least two thousand (2,000) square kilometers, as certified by the Lands Management Bureau; or,

"(ii) a population of not less than two hundred fifty thousand (250,000) inhabitants as certified by the National Statistics Office:

"Provided, That, 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 territory need not be contiguous if it comprises two (2) or more islands or is separated by a chartered city or cities which do not contribute to the income of the province.

"(c) The average annual income shall include the income accruing to the general fund, exclusive of **THE INTERNAL REVENUE ALLOTMENT (IRA)**, special funds, trust funds, transfers, and non-recurring income."

Sec. 2. Section 452 of the same Act is hereby amended to read as follows:

"SEC. 452. *Highly Urbanized Cities.* - (a) Cities with a minimum population of two hundred thousand (200,000) inhabitants, as certified by the National Statistics Office, **AND AN AVERAGE LOCALLY-GENERATED ANNUAL INCOME FOR THE LAST TWO CONSECUTIVE YEARS, AS CERTIFIED BY THE DEPARTMENT OF**

FINANCE, OF NOT LESS THAN TWO HUNDRED FIFTY MILLION PESOS (P250,000.00) BASED ON 2000 CONSTANT PRICES, shall be classified as highly urbanized cities.

"(b) Cities which do not meet the above requirements shall be considered component cities of the province in which they are geographically located. If a component city is located within the boundaries of two (2) or more provinces, such city shall be considered a component of the province of which it used to be a municipality.

"(c) Qualified voters of highly urbanized cities shall remain excluded from voting for elective provincial officials. Unless otherwise provided in the Constitution or this Code, qualified voters of independent component cities shall be governed by their respective charters, as amended, on the participation of voters in provincial elections. Qualified voters of cities who acquired the right to vote for elective provincial officials prior to the classification of said cities as highly-urbanized after the ratification of the Constitution and before the effectivity of this Code, shall continue to exercise such right.

"(D) THE AVERAGE ANNUAL INCOME SHALL INCLUDE THE INCOME ACCRUING TO THE GENERAL FUND, EXCLUSIVE OF THE INTERNAL REVENUE ALLOTMENT (IRA), SPECIAL FUNDS, TRUST FUNDS, TRANSFERS, AND NON-RECURRING INCOME.

Sec. 3. Any law, executive order, rule or regulation inconsistent herewith is hereby repealed or modified accordingly.

Sec. 4. If any portion of this Act is declared invalid or unconstitutional, such invalidity or unconstitutionality shall not affect the other provisions, which shall remain in full force and effect.

Sec. 5. This Act shall take effect fifteen (15) days after the completion of its publication in at least two (2) newspapers of general circulation.

Approved,