

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City, Metro Manila

**SEVENTEENTH CONGRESS**  
First Regular Session

House Bill No. **1631**

HOUSE OF REPRESENTATIVES

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**INTRODUCED BY: HON. GWENDOLYN F. GARCIA**

**EXPLANATORY NOTE**

This bill is a refiled bill originally authored by then Congressman Pablo John F. Garcia. This has been deliberated and favorably acted upon by the House during the 14<sup>th</sup> Congress, transmitted and received by the Senate on May 15, 2008. In the 15<sup>th</sup> Congress, the Committee on Local Government with majority of its members approved this bill, which is why the Committee has reported out this bill as contained in Committee Report No. 4434. And again in the 16<sup>th</sup> Congress, this bill has reach the Senate, with the substitute bill H. No. 5021 which was transmitted and received by the Senate on 14 November 2014.

This bill seeks to rationalize the income requirement for the creation of a municipality, creation of the province and the declaration of highly urbanized status in the case of a component city.

This bill will effectively complement Republic Act No. 9009 that has made more stringent the income requirement for the conversion of a municipality or cluster of barangays into a component city, the income requirement for the creation of a municipality and 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 not be created if the income of a municipality or a cluster of barangays falls below P100 Million, while for a P2.5 Million a new municipality may be formed and 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 requirement for the creation and conversion or declaration of the different species of local government units.

The early passage of this bill therefore is urgently sought.

  
**GWENDOLYN F. GARCIA**

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House Bill No. 1631

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**INTRODUCED BY: HON. GWENDOLYN F. GARCIA**

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**AN ACT RATIONALIZING THE INCOME REQUIREMENTS FOR  
THE CREATION OF A MUNICIPALITY, THE DECLARATION OF HIGHLY URBANIZED  
STATUS IN THE CASE OF COMPONENT CITIES AND  
THE CREATION OF A PROVINCE,  
AMENDING FOR THE PURPOSE SECTION 442 (a), 452 (a) AND 461 (a) AND (c)  
OF REPUBLIC ACT NO. 7160, AS AMENDED, 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 442 (a) of Republic Act No. 7160, as amended  
otherwise known as the "Local Government Code of 1991" , is hereby  
amended to read as follows:

"Sec. 442. *Requisites for Creation* - (a) A municipality may be  
created if it has a average annual income, as certified by the provincial  
treasurer, of a least [Two] **Twelve** million five hundred thousand pesos  
[(2,500,000.00)] **(P12,500,000.00)** for the last two (2) consecutive years based  
on the [1991] 2016 constant prices, a population of the least twenty-five  
thousand (25,000) inhabitants as certified by the Philippine Statistics Authority;  
and a contiguous territory of at least fifty (50) square kilometer as certified by  
the Lands Management Bureau: Provided, that the creation thereof shall not  
reduce the land area, population or income of the original municipality or  
municipalities at the time of said creation to less than the minimum  
requirements prescribed herein.

"x x x"

**Section 2.** Section 452 (a) and 453 of the Local Government Code of  
1991, as amended, are hereby amended to read 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 Authority] **Philippine Statistics Authority**, and with [the  
latest] **A LOCALLY - GENERATED** annual income **FOR THE LAST TWO (2)  
CONSECUTIVE YEARS** of at least **TWO HUNDRED** fifty million pesos

[(50,000,000.00)] **(P250,000,000.00)** based on [1991] **2000** constant prices, as certified by the [city treasurer] **Department of Finance**, shall be classified as highly urbanized cities [.]: **PROVIDED, THAT THE ANNUAL AVERAGE INCOME SHALL INCLUDE THE INCOME ACCRUING TO THE GENERAL FUND, BUT EXCLUDING THE INTERNAL REVENUE ALLOTMENT (IRA) SHARES, SPECIAL FUNDS, TRUST FUNDS AND NO-RECURRING INCOME.**

"x x x"

"SEC. 453. Duty to declare highly urbanized status. - it shall be the duty of [the President] **CONGRESS TO PASS JOINT RESOLUTION** to declare a city as highly urbanized within thirty (30) days after it shall have meet the minimum requirements prescribed in the immediately preceding section, upon proper [application] determination therefor [and ratification]: **PROVIDED, THAT THE DECLARATION SHALL BE RATIFIED** in a plebiscite by the qualified voters [therein]**OF THE PROVINCE IN WHICH THE CITY GEOGRAPHICALLY BELONGS."**

**SECTION 3.** SECTION 461 (a) and (c) of the Local Government Code of 1991, as amended, 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 (2) CONSECUTIVE YEARS**, as certified by the Department of Finance, of not less than [Twenty] Two Hundred million pesos [(P20,000,000.000) (P200,000,000.00) based on **THE [1991] YEAR 2000** constant price and either of the following requisites:

"x x x"

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

**SECTION 4.** the Department of Interior and Local Government (DILG) shall issue the necessary rules and regulations within sixty (60) days after the affectivity of this Act.

**SECTION 5.** All laws, decrees, executive orders, rules and regulations which are inconsistent with this Act are hereby amended, or modified accordingly.

**SECTION 6.** This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

**Approved,**