

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 6784



Introduced by **HON. KRISTINE ALEXIE B. TUTOR**
3rd District, Bohol

EXPLANATORY NOTE

Section 294 of RA 7160, otherwise known as the Local Government Code of 1991 provides that proceeds from collections shall be used to finance local development and livelihood projects, except where 80% of the proceeds from energy sources such as hydrothermal and geothermal where their use is restricted to lowering their respective community's electricity consumption costs.

This unnecessary restriction limits an LGU's capacity to effectively and efficiently use its resources for their priority projects, since much of the resources are funnelled towards non-priority projects aimed at lowering the cost of electricity. This restriction is incredibly flawed, since surely, there are projects which are more vital and are identified as top priority in many of the LGUs, medium-term investment program and annual investment program.

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


HON. KRISTINE ALEXIE B. TUTOR

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AN ACT

**TO ENHANCE THE USE OF NATIONAL WEALTH FOR LOCAL DEVELOPMENT
BY AMENDING CERTAIN PROVISIONS IN BOOK II OF REPUBLIC ACT NO.
7160, 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:*

1 **Section 1.** Section 294 of Republic Act No. 7160, otherwise known as the Local
2 Government Code of 1991, hereinafter referred to as the "Code", is hereby amended to read
3 as follows:

4 "Sec. 294. *Development and Livelihood Projects.* – The proceeds from the share
5 of local government units pursuant to this chapter shall be appropriated by their
6 respective sanggunian to finance local government and livelihood projects **IN**
7 **THE APPROVED LOCAL DEVELOPMENT INVESTMENT PROGRAM**
8 **AND ANNUAL INVESTMENT PROGRAM:** *Provided, however, That [at*
9 ~~least eighty percent (80%) of the proceeds derived from the development and~~
10 ~~utilization of hydrothermal, geothermal, and other sources of energy shall be~~
11 ~~applied solely to lower the cost of electricity in the local government unit where~~
12 ~~such a source of energy is located]~~ **THE PROCEEDS, OR A PORTION**
13 **THEREOF DERIVED FROM THE DEVELOPMENT AND UTILIZATION**
14 **OF HYDROTHERMAL, GEOTHERMAL, AND OTHER SOURCES OF**
15 **ENERGY MAY BE APPLIED, AT THE OPTION OF THE LOCAL**
16 **GOVERNMENT UNIT, TO LOWER THE COST OF ELECTRICITY IN**
17 **THE LOCAL GOVERNMENT UNIT WHERE SUCH SOURCE OF**
18 **ENERGY IS LOCATED."**

1 **Sec. 2. Use of Unutilized Shares.** – The concerned local government units are hereby
2 authorized to use the proceeds previously derived from the development and utilization of
3 hydrothermal, geothermal, and other sources of energy which remain unutilized, in
4 accordance with their approved local development investment program and annual
5 investment program.

6
7 **Sec. 3. Repealing Clause.** – All general and special laws, acts, city charters, executive
8 orders, presidential proclamations, issuances, rules and regulations, or parts thereof which are
9 contrary to or inconsistent with any of the provisions of this Act are hereby repealed,
10 amended, or modified accordingly.

11
12 **Sec. 4. Separability Clause.** – If any portion or provision of this Act is subsequently
13 declared invalid or unconstitutional, other provisions hereof which are not affected thereby
14 shall remain in full force and effect.

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

Approved,