



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

Eighteenth Congress
First Regular Session

HOUSE BILL NO. 748

Introduced by Representative Jocelyn Sy Limkaichong

EXPLANATORY NOTE

This bill seeks to transfer the power to issue permits to extract sand, gravel and other quarry resources from the provincial governors to the mayors of municipalities and cities, amending for the purpose Republic Act (RA) No. 7160, otherwise known as the "Local Government Code of 1991".

Currently, the law grants only to the provincial governors, mayors of independent component cities and mayors of highly urbanized cities the power to issue permits to extract sand, gravel and other quarry resources in their respective jurisdictions. The mayors of other component cities and mayors of municipalities are excluded from the decision-making process despite how these local government units (LGUs) have fewer sources of revenue and bear much of the burden of the detrimental environmental impact of quarrying activities. Moreover, the sangguniang bayan and sangguniang panlungsod can perform a better function of screening and regulating quarrying activities because they oversee fewer applicants or licensees and because they are closer to the quarrying sites. Indeed, the existence of such an unfair balance of benefits and risks among the LGUs as well as the need for better oversight on quarrying activities call for a remedy that is consistent with the ideals of decentralization and local autonomy.

This bill promotes a more rational distribution of the proceeds from and authority over the exploitation and utilization of natural resources, particularly, quarry resources, and also enhances the empowerment of local governments at the level of cities and municipalities. It transfers the power to issue quarrying permits from the provincial governors to the mayors of cities and municipalities, who will act pursuant to the ordinance adopted by their respective sanggunians. It also increases the share in the proceeds of the tax on sand, gravel, and quarry

resources of the cities and municipalities from the current thirty percent (30%) to sixty percent (60%). This measure aims to increase the capabilities and resources of these LGUs while upholding the principles of checks and balances and transparency in local government transactions.

To achieve the above objectives, this bill proposes to delete Section 138 of RA 7160, which grants provinces the power to issue permits to extract and to tax sand, gravel, and other quarry resources, and to add a new section to be denominated as Section 146-A, which will transfer the power to tax sand, gravel, and other quarry resources to municipalities. The same power is likewise transferred to cities by adding another section to be denominated as Section 151-A.

In view of the foregoing, the approval of this bill is highly recommended.



JOCELYN SY LIMKAICHONG



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AN ACT
TRANSFERRING THE AUTHORITY TO TAX AND TO ISSUE
PERMITS TO EXTRACT SAND, GRAVEL AND OTHER QUARRY
RESOURCES FROM THE PROVINCIAL GOVERNOR TO THE
MUNICIPAL OR CITY MAYOR, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 7160 OTHERWISE KNOWN AS THE “LOCAL
GOVERNMENT CODE OF 1991,” AS AMENDED

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

SECTION 1. Section 138 of Republic Act No. 7160, which specifies the power of taxation of provinces on sand, gravel and other quarry resources, is hereby deleted.

SECTION 2. A new section to be denominated as Section 146-A is hereby added, after Section 146, granting to the municipalities the power of taxation on sand, gravel, and other quarry resources, to read as follows:

“SEC. 146-A. *TAX ON SAND, GRAVEL, AND OTHER QUARRY RESOURCES.* – THE MUNICIPALITY MAY LEVY AND COLLECT NOT MORE THAN TEN PERCENT (10%) OF FAIR MARKET VALUE IN THE LOCALITY PER CUBIC METER OF ORDINARY STONES, SAND, GRAVEL, EARTH, AND OTHER QUARRY RESOURCES, AS DEFINED

UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, EXTRACTED FROM PUBLIC LANDS OR FROM THE BEDS OF SEAS, LAKES, RIVERS, STREAMS, CREEKS, AND OTHER PUBLIC WATERS WITHIN ITS TERRITORIAL JURISDICTION.

THE PERMIT TO EXTRACT SAND, GRAVEL AND OTHER QUARRY RESOURCES SHALL BE ISSUED EXCLUSIVELY BY THE MUNICIPAL MAYOR, PURSUANT TO AN ORDINANCE ISSUED BY THE SANGGUNIANG BAYAN.

THE PROCEEDS OF THE TAX ON SAND, GRAVEL, AND OTHER QUARRY RESOURCES SHALL BE DISTRIBUTED AS FOLLOWS:

(1) MUNICIPALITY WHERE THE SAND, GRAVEL, AND OTHER QUARRY RESOURCES ARE EXTRACTED – SIXTY PERCENT (60%); AND

(2) BARANGAY WHERE THE SAND, GRAVEL, AND OTHER QUARRY RESOURCES ARE EXTRACTED – FORTY PERCENT (40%)

SECTION 3. A new section to be denominated as Section 151-A is hereby added, after Section 151, granting to the cities the power of taxation on sand, gravel, and other quarry resources, to read as follows:

“SEC. 151-A. *TAX ON SAND, GRAVEL, AND OTHER QUARRY RESOURCES* - THE CITY MAY LEVY AND COLLECT NOT MORE THAN TEN PERCENT (10%) OF FAIR MARKET VALUE IN THE LOCALITY PER CUBIC METER OF ORDINARY STONES, SAND, GRAVEL, EARTH, AND OTHER QUARRY RESOURCES, AS DEFINED UNDER THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED, EXTRACTED FROM PUBLIC LANDS OR FROM THE BEDS OF SEAS, LAKES, RIVERS, STREAMS, CREEKS, AND OTHER PUBLIC WATERS WITHIN ITS TERRITORIAL JURISDICTION.

THE PERMIT TO EXTRACT SAND, GRAVEL AND OTHER QUARRY RESOURCES SHALL BE ISSUED EXCLUSIVELY BY THE CITY

MAYOR, PURSUANT TO AN ORDINANCE ISSUED BY THE SANGGUNIANG PANGLUNGSOD.

THE PROCEEDS OF THE TAX ON SAND, GRAVEL, AND OTHER QUARRY RESOURCES SHALL BE DISTRIBUTED AS FOLLOWS:

(1) CITY WHERE THE SAND, GRAVEL, AND OTHER QUARRY RESOURCES ARE EXTRACTED – SIXTY PERCENT (60%); AND

(2) BARANGAY WHERE THE SAND, GRAVEL, AND OTHER QUARRY RESOURCES ARE EXTRACTED – FORTY PERCENT (40%)

SECTION 4. Sections 43, 45, 46, 48, 49 and 50 of Republic Act No. 7942, otherwise known as the "*Philippine Mining Act of 1995*," and Section 7 of Republic Act No. 8975, entitled "*An Act to Ensure the Expeditious Implementation and Completion of Government Infrastructure Projects by Prohibiting Lower Courts from Issuing Temporary Restraining Orders, Preliminary Injunctions or Preliminary Mandatory Injunctions, Providing Penalties for Violations Thereof, and for Other Purposes*," are hereby modified accordingly. All other existing laws, orders, decrees, rules and regulations or parts thereof inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

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

Approved,