

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

18<sup>th</sup> Congress  
First Regular Session

HOUSE BILL NO. 259



---

**Introduced by Hon. Josephine Y. Ramirez Sato**

---

**EXPLANATORY NOTE**

Having a component city is a catalyst for change and development in a province. Its character complements each other and carries economic gains in adjacent municipalities. Having at least one component city in a province is instrumental in boosting socio-economic development in the area. It promotes commerce, improved delivery of services, tourism and alternative sources of income to the communities.

This bill seeks to create a component city in provinces that does not have an existing component city. Based on the Philippine Statistics Authority, there are thirty-two (32) provinces without a component city that will benefit from this legislation. Of the qualified provinces, sixteen (16) are in Luzon, six (6) in Visayas, and ten (10) in Mindanao.

To function and become a city is more of a character rather than just financial, population or land requirement. Even a small municipality can qualify as a city when it can perform and has the character and functions of a city. It can even excel further if the qualified municipality is the center of commerce to neighboring towns, provides services and maintains supply of goods.

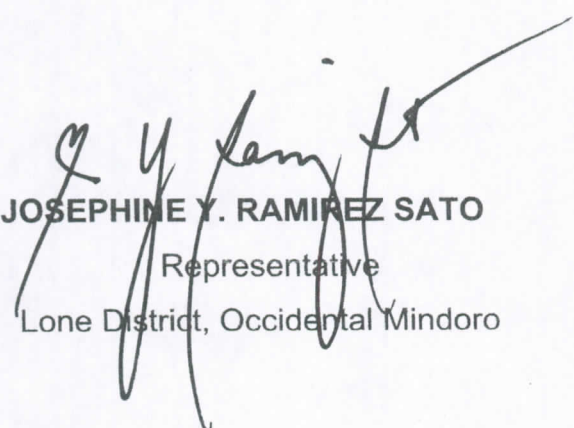
The bill also aims to boost development by helping a qualified municipality in province to become a component city. It is a supportive and proactive bill seeking to

attract more investments to support the municipalities reach their financial targets rather than wait for a municipality to develop on its own, slowly reaching the required financial quota.

Our government needs to support this bill because it does not only promote inclusive growth, it can also be an investment target by private companies and financial institutions knowing that the municipality is qualified and up for conversion. Their planned investment or expansion will surely hit the mark knowing the area will be developed to a city.

Urban development today cannot just be classified simply on number of population, land area and income. A growing and functional city is defined by its purpose and development role to its constituents and nearby municipalities in the aspects including business, tourism, transportation, food security, peace and order, disaster response, and social services. The people and their commitment to service is also integral to city development. The proper legislation and support is much needed to attain these objectives.

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



**JOSEPHINE Y. RAMIREZ SATO**  
Representative  
Lone District, Occidental Mindoro

Republic of the Philippines  
**HOUSE OF REPRESENTATIVES**  
Quezon City

18<sup>th</sup> Congress  
First Regular Session

HOUSE BILL NO. 259

---

**Introduced by Hon. Josephine Y. Ramirez Sato**

---

**AN ACT ALLOWING THE CONVERSION OF A MUNICIPALITY INTO A  
COMPONENT CITY IN A PROVINCE THAT DOES NOT HAVE AN EXISTING  
COMPONENT CITY, AMENDING FOR THE PURPOSE SECTION 450 OF RA  
7160, AS AMENDED BY RA 9009, 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:*

**SECTION 1.** Section 450 of Republic Act No. 7160 as amended by Republic Act No. 9009, otherwise known as the Local Government Code of 1991 is hereby further amended to read as follows:

**“SECTION 450.** Requisites for Creation.- (a) A municipality or cluster of barangays may be converted into a component city if it has a locally generated average income, as certified by the Department of Finance, of at least One hundred million pesos (P100,000,000.00), for the last two (2) consecutive years based on [2000] 2012 constant prices, and if it has either of the following requisites:



- (i) A contiguous territory of at least one hundred (100) square kilometers, as certified by the Land Management Bureau; or
- (ii) A population of not less than one hundred fifty thousand (150,000) inhabitants, as certified by the National Statistics Office

**THE REQUISITES FOR CREATION PRESCRIBED HEREIN SHALL NOT APPLY IF THE MUNICIPALITY BELONGS TO A PROVINCE THAT DOES NOT HAVE AN EXISTING COMPONENT CITY, PROVIDED THAT THE MUNICIPALITY SHALL QUALIFY WITH THE REQUIREMENTS AND CHARACTER OF A CITY AS PROVIDED UNDER THIS BILL.**

**SECTION 2. Scope and Prioritization.-** All provinces without an existing component city shall be covered by this Act. The component city to be prioritized shall be selected only among the respective province's capital town and first (1<sup>st</sup>) class municipalities. Further, priority shall be given to the municipality with the highest locally generated average annual income, as certified by the Department of Finance.

**SECTION 3. Requirements.-** After determination of the candidate municipality, it shall undergo compliance with the following requirements and characteristics of a city. It is the Department of the Interior and Local Government (DILG) who shall evaluate and issue the certificate of compliance.

The following requirements and categories for compliance are:

- (a) Aside from the mandatory offices in its charter, the following local government offices, including personnel should be established. Any 3 out of the 4 should be established. (3/4)
  - 1. DRRM Office
  - 2. Local Economic and Investment Promotion Office
  - 3. Tourism Office
  - 4. Environment Office
- (b) Should have at least 3 out of the 6 plans for submission. (3/6)
  - 1. 10-Year Solid Waste Management Plan
  - 2. Local Shelter Plan

3. Peace and Order and Public Safety Plan
4. Comprehensive Land Use Plan and/or Comprehensive Development Plan
5. Human Resource Management and Development Plan
6. Gender and Development Plan

(c) Should have established at least 3 out of the 6 Infrastructure for evaluation.

(3/6)

1. Central Market
2. Unified PUV terminal
3. Solid Waste Facilities (Central MRF, MRF or MRS in barangays, approved disposal facility/access to approved disposal facility)
4. Evacuation center
5. Road networks (paved roads)
6. Drug rehabilitation center and/or Special Drug Education Center

(d) Should have at least 3 out of the 6 economic characteristics similar to a city.

(3/6)

1. High business retention with an approved business and investment incentive code
2. Has a central business district
3. Business friendly
4. Average revenue growth for the last 3 years is positive
5. Local development fund allocation is followed and is disbursed
6. High employment density compared to other municipalities in province

**SECTION 4. Additional Exemption.-** To facilitate the intent of this bill, all municipalities that will qualify as potential candidates shall be exempted from the Personnel Services Limitation upon effectivity of this bill. Such exemption shall be effective for at most two (2) years or until a municipality within the province has been converted into a city, whichever comes first.

If a candidate municipality qualifies and is subsequently converted into a city, the exemption in this item shall apply for an additional three (3) years from the date of its conversion.

**SECTION 4. Funding.-** The Department of Budget and Management (DBM) shall allocate funds for the first five (5) years the Internal Revenue Allotment (IRA) of the newly established component cities. This allocation will be an additional and separate from the IRA of already existing cities so as to not drastically decrease the allocation for all cities.

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

*Approved,*