



HOUSE OF REPRESENTATIVES

H. No. 5021

BY REPRESENTATIVES GARCIA (G.), COJUANGCO (E.), YAP (S.),
RODRIGUEZ (O.), ABELLANOSA AND LOBREGAT, PER COMMITTEE
REPORT NO. 432

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 SECTIONS 442 (a), 452 (a), 453 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 House of Representatives of the Philippines in
Congress assembled:*

1 SECTION 1. Section 442 (a) of Republic Act No. 7160, as amended,
2 otherwise known as the "Local Government Code of 1991", is hereby amended
3 to read as follows:

4 "SEC. 442. *Requisites for Creation.* – (a) A municipality
5 may be created if it has an average annual income, as certified by
6 the provincial treasurer, of at least [Two] TWELVE million five
7 hundred thousand pesos [(P2,500,000.00)] (P12,500,000.00) for
8 the last two (2) consecutive years based on the [1991] 2013

1 constant prices; a population of at least twenty-five thousand
2 (25,000) inhabitants as certified by the National Statistics Office;
3 and a contiguous territory of at least fifty (50) square kilometers as
4 certified by the Lands Management Bureau: *Provided*, That the
5 creation thereof shall not reduce the land area, population or
6 income of the original municipality or municipalities at the time of
7 said creation to less than the minimum requirements prescribed
8 herein.

9 "x x x."

10 SEC. 2. Sections 452 (a) and 453 of the Local Government Code of
11 1991, as amended, are hereby amended to read as follows:

12 "SEC. 452. *Highly Urbanized Cities*. - (a) Cities with a
13 minimum population of two hundred thousand (200,000)
14 inhabitants, as certified by the National Statistics Office, and with
15 [the latest] A LOCALLY-GENERATED annual income FOR THE LAST
16 TWO (2) CONSECUTIVE YEARS of at least TWO HUNDRED fifty
17 million pesos [(P50,000,000.00)] (P250,000,000.00) based on
18 [1991] 2000 constant prices, as certified by the [city treasurer]
19 DEPARTMENT OF FINANCE, shall be classified as highly urbanized
20 cities[.]: *PROVIDED*, THAT THE ANNUAL AVERAGE INCOME
21 SHALL INCLUDE THE INCOME ACCRUING TO THE GENERAL FUND,
22 BUT EXCLUDING THE INTERNAL REVENUE ALLOTMENT (IRA)
23 SHARES, SPECIAL FUNDS, TRUST FUNDS AND NON-RECURRING
24 INCOME.

25 "x x x."

1 “SEC. 453. *Duty to Declare Highly Urbanized Status.* – It
 2 shall be the duty of [the President] **CONGRESS TO PASS A JOINT**
 3 **RESOLUTION** to declare a city as highly urbanized within thirty
 4 (30) days after it shall have met the minimum requirements
 5 prescribed in the immediately preceding section, upon proper
 6 [application] **DETERMINATION** therefor [and ratification]:
 7 **PROVIDED, THAT THE DECLARATION SHALL BE RATIFIED** in a
 8 plebiscite by the qualified voters [therein] **OF THE PROVINCE IN**
 9 **WHICH THE CITY GEOGRAPHICALLY BELONGS.”**

10 SEC. 3. Section 461 (a) and (c) of the Local Government Code of
 11 1991, as amended, is hereby amended to read as follows:

12 “SEC. 461. *Requisites for Creation.* – (a) A province may
 13 be created if it has an average **LOCALLY-GENERATED** annual
 14 income **FOR THE LAST TWO (2) CONSECUTIVE YEARS**, as certified
 15 by the Department of Finance, of not less than [Twenty] **TWO**
 16 **HUNDRED** million pesos [(P20,000,000.00)] **(P200,000,000.00)**
 17 based on **THE [1991] YEAR 2000** constant prices and either of the
 18 following requisites:

19 “x x x

20 “(c) The average annual **LOCALLY-GENERATED** income shall
 21 include the income accruing to the general fund, exclusive of **THE**
 22 **INTERNAL REVENUE ALLOTMENT (IRA) SHARES**, special funds,
 23 trust funds, transfers, and non-recurring income.”

24 SEC. 4. The Department of the Interior and Local Government (DILG)
 25 shall issue the necessary rules and regulations within sixty (60) days after the
 26 effectivity of this Act.

1 SEC. 5. All laws, decrees, executive orders, rules and regulations which
2 are inconsistent with this Act are hereby repealed, amended, or modified
3 accordingly.

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

Approved,

O