



HOUSE OF REPRESENTATIVES

H. No. 10296

BY REPRESENTATIVES VILLAFUERTE, ALBANO (A.), SANTOS-RECTO, RODRIGUEZ, LOYOLA, DALIPE,
VERGARA, SAVELLANO, ABANTE, GONZALEZ AND LUSOTAN, PER COMMITTEE REPORT NO. 1263

AN ACT

INTENSIFYING LOCAL GOVERNMENT PARTICIPATION IN NATIONAL DEVELOPMENT BY
INCREASING THE SHARE OF LOCAL GOVERNMENT UNITS IN NATIONAL TAXES, AMENDING FOR
THE PURPOSE SECTION 284 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 284 of Republic Act No. 7160, as amended, otherwise known as the
2 Local Government Code of 1991 is hereby amended to read as follows:
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4 "SECTION 284. *Allotment of [Internal Revenue] NATIONAL Taxes.* – Local government
5 units shall have a share of national [internal revenue] taxes based on the collection of the third
6 fiscal year preceding the current fiscal year as follows:
7

8 (a) On the first year of the effectivity of this Code, thirty percent (30%)

9 (b) On the second year, thirty-five percent (35%);

10 (c) On the third year and thereafter, [forty percent (40%)] **FIFTY PERCENT (50%)**:
11

12 *Provided*, That in the event that the National Government incurs an unmanageable public
13 sector deficit, the President of the Philippines is hereby authorized, upon the recommendation
14 of the Secretary of Finance, Secretary of Interior and Local Government, and Secretary of Budget
15 and Management, and subject to consultation with the presiding officers of both Houses of
16 Congress and the presidents of the "liga", to make the necessary adjustments in the [internal
17 revenue] **NATIONAL TAX** allotment of local government units but in no case shall the allotment
18 be less than thirty percent (30%) of the collection of national [internal revenue] taxes of the third
19 fiscal year preceding the current fiscal year: *Provided, further*, That in the first year of the
20 effectivity of this Code, the local government units shall, in addition to the thirty percent (30%)
21 [internal revenue] **NATIONAL TAX** allotment which shall include the cost of devolved functions

1 for essential public services, be entitled to receive the amount equivalent to the cost of devolved
2 personal services.”

3
4 SEC. 2. All laws, decrees, executive orders, rules and regulations contrary to or
5 inconsistent with any provision of this Act are hereby repealed or amended accordingly.

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7 SEC. 3. This Act shall take effect fifteen (15) days after its publication in the *Official Gazette*
8 or in a newspaper of general application.

Approved,