

NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

S. No. 51

Introduced by Senator FRANCIS G. ESCUDERO

AN ACT
PROHIBITING ANY FORM OF INTERFERENCE BY NATIONAL GOVERNMENT
AGENCIES WITH THE USE OF THE NATIONAL TAX ALLOTMENT AND
LOCALLY GENERATED REVENUES OF LOCAL GOVERNMENT UNITS

EXPLANATORY NOTE

The imposition by national government agencies (NGAs) of a wide assortment of rules and regulations on LGUs has effectively impinged on the autonomy supposedly granted to them under the 1987 Constitution and the Local Government Code of 1991. This rampant use of executive issuances has continually deprived LGUs of the opportunity to manage their own affairs and to develop their own mechanisms to address the concerns of their constituents.

This bill seeks to carve a path towards a more genuine local autonomy by prohibiting NGAs from issuing or promulgating rules and regulations that would interfere with the utilization of National Tax Allotment and locally-generated revenues, rendering the same void and without effect. It also penalizes with removal from office those responsible NGA officials and employees who failed to heed to such prohibition. Through these interventions, it is hoped that LGUs would have enough leeway to perform their mandates without excessive restrictions imposed by the national government.

Ultimately, this bill seeks to realize the objectives of the Local Government Code by allowing LGUs to enjoy genuine and meaningful local autonomy, enabling them to realize their fullest development as self-reliant communities, and making them more effective partners in the attainment of national goals.

In line with these intentions, the passage of the bill is hereby sought.

A handwritten signature in black ink, appearing to be "Francis G. Escudero".

FRANCIS G. ESCUDERO

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

1 Section 1. *Declaration of Policy.* — It is hereby declared the policy of the State
2 for the government to strengthen, and work for, full local autonomy¹ as a means to
3 ensure local fiscal governance and administration of Local Government Units (LGUs)
4 without any interference from the National Government (NG), especially with funds
5 constitutionally allocated to and solely generated by them. While the President may
6 have general supervision over LGUs, such power must be used to enhance, not to
7 frustrate, self-governance of every territorial and political subdivision of the State.

8
9 Sec. 2. *Prohibition.* — Notwithstanding any other provisions of law to the
10 contrary, all agencies of the NG shall not issue or promulgate any rules or regulations
11 in the form of memoranda, circulars, orders, resolutions, guidelines or any other
12 issuances in the performance of their respective statutory functions and duties that
13 shall interfere, in any form, with the use of the National Tax Allotment and locally
14 generated revenues of LGUs.

15

¹ Sec. 2, Art. X of the Constitution. *The territorial and political subdivisions shall enjoy local autonomy.*

1 Sec. 3. *Definition of Terms.* - For purposes of this Act:

2
3 *National Government* shall refer to the entire machinery of the central
4 government as distinguished from the different forms of local governments.

5
6 *Interference in any form* shall mean any rules or regulations in the form of
7 memoranda, circulars, orders, resolutions, guidelines or any other issuances that
8 impede, prevent, disturb or obstruct the activities or the conduct of the business or
9 contractual relations of LGUs, or those that enter into the local concerns, duties or
10 functions of LGUs.

11
12 *Local Government Units* shall refer to the territorial and political subdivisions
13 of the Philippines established by or in accordance with Section 1, Article X of the
14 Constitution.²

15
16 *National Tax Allotment* shall refer to the just share of LGUs in the national
17 taxes as provided under Section 6, Article X of the Constitution.³

18
19 *Locally Generated Funds* shall refer to any and all funds solely realized,
20 produced or gained by LGUs and that as provided for in Section 5, Article X of the
21 Constitution.⁴

22
23 Sec. 4. *Effect.* — Notwithstanding any other provisions of law to the contrary,
24 any rules or regulations in the form of memoranda, circulars, orders, resolutions,

² *The territorial and political subdivisions of the Republic of the Philippines are the provinces, cities, municipalities, and barangays.*

³ *Sec. 6. Local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them.*

⁴ *Each local government unit shall have the power to create its own sources of revenues and to levy taxes, fees, and charges subject to such guidelines and limitations as the Congress may provide, consistent with the basic policy of local autonomy. Such taxes, fees, and charges shall accrue exclusively to the local governments.*

1 guidelines or any other issuances issued or promulgated by agencies of the National
2 Government in violation of this Act shall be rendered void and without effect.
3 Furthermore, any official or employee of the National Government found to be
4 responsible for such issuance or promulgation by a court of competent jurisdiction
5 under this Act shall be removed from office.

6
7 *Sec. 5. Separability Clause.* - If any part or provision of this Act shall be held
8 unconstitutional or invalid, other provisions hereof which are not affected hereby shall
9 continue to be in full force and effect.

10
11 *Sec. 6. Repealing Clause* - All laws, presidential decrees, executive orders,
12 rules, and regulations or parts thereof which are inconsistent with the provisions of
13 this Act are hereby repealed or modified accordingly.

14
15 *Sec. 7. Effectivity Clause.* - This Act shall take effect fifteen (15) days after its
16 publication in the Official Gazette or at least two (2) newspapers of general
17 circulation.

18
19 *Approved,*