

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



'22 JUL 27 P 4 :41

SENATE
S. B. No. 903

RECEIVED BY: _____

Introduced by Senator SONNY ANGARA

AN ACT
TO REDUCE THE COST OF DOING BUSINESS IN LOCAL GOVERNMENT
UNITS BY AMENDING CERTAIN PROVISIONS IN BOOK II OF REPUBLIC
ACT NO. 7160, OTHERWISE KNOWN AS THE "LOCAL GOVERNMENT CODE
OF 1991"

EXPLANATORY NOTE

One of the key objectives of the Local Government Code (Republic Act No. 7160) was to provide local government units (LGUs) greater means to create their own revenue sources. Over the years and in a number of LGUs, the pursuit of this objective has been in conflict with attracting and maintaining private investment. Many private businesses complain that the fees imposed by LGUs have raised the cost of doing business, thereby reducing their profitability and their viability.

LGUs unlikely impose high fees and charges with the intent of taxing businesses out of existence. However, in many cases, LGUs lack the guidance on how to fairly and efficiently determine what should be imposed (fee or charge).

With this in mind, this bill mandates the Department of Finance thru the Bureau of Local Government Finance to be the principal agency in charge of providing clear guidelines in the setting of local fees and charges, which LGUs should then incorporate in their impositions. Such reform will raise LGU competitiveness and strike a healthy balance between revenue generation and private business promotion.

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

SONNY ANGARA
78



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AN ACT
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OF 1991"

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

1 SECTION 1. Section 131 of Republic Act No. 7160, otherwise known as the
2 Local Government Code of 1991, hereinafter referred to as the "Code", is hereby
3 amended to read as follows:

4 "Sec. 131. *Definition of Terms.* – When used in this Title, the term:

5 (a) x x x

6 x x x

7 (g) [~~"Charges" refer to pecuniary liability, as rents or fees against~~
8 ~~persons or property~~] **"CHARGE" REFERS TO LIABILITY FOR**
9 **SERVICES RENDERED OR CONVENIENCES PROVIDED BY THE**
10 **LOCAL GOVERNMENT UNIT, THE AMOUNT OF WHICH SHOULD**
11 **BE COMMENSURATE TO SUCH SERVICES AND CAPITAL**
12 **RECOVERY WHICH ENSURES CONTINUED DELIVERY;**

13 (h) x x x

14 x x x

15 (l) ~~"Fee" [means a charge fixed by law or ordinance for the regulation~~
16 ~~or inspection of a business or activity]~~ **REFERS TO A LIABILITY**

1 **OF THE DEPARTMENT OF FINANCE, THE DEPARTMENT OF THE**
2 **ENVIRONMENT AND NATURAL RESOURCES, AND THE BUREAU**
3 **OF FISHERIES AND AQUATIC RESOURCES OF THE**
4 **DEPARTMENT OF AGRICULTURE, IN CONSULTATION WITH**
5 **THE LEAGUE OF MUNICIPALITIES OF THE PHILIPPINES, ON**
6 **THE SETTING OF LOCAL CHARGES TAKING INTO**
7 **CONSIDERATION THE COSTS OF SERVICES FOR THE**
8 **ENVIRONMENTAL MAINTENANCE AND SUSTAINABILITY OF**
9 **THE MUNICIPAL WATERS COVERED BY THE PRIVILEGE:**

10 *Provided, however,* That duly registered organizations and
11 cooperatives of marginal fishermen shall have the preferential right to
12 such fishery privileges: *Provided, further,* That the Sangguniang Bayan
13 may require a public bidding in conformity with and pursuant to an
14 ordinance for the grant of such privileges: *Provided, finally,* That in the
15 absence of such organizations and cooperatives or their failure to
16 exercise their preferential right, other parties may participate in the
17 public bidding in conformity with the above cited procedure.

18 (2) Grant the privilege to gather, take or catch bangus fry, prawn fry or
19 kawag-kawag or fry of other species and fish from the municipal
20 waters by nets, traps or other fishing gears to marginal fishermen free
21 of any rental, fee, charge, or any other imposition whatsoever.

22 (3) Issue licenses for the operation of fishing vessels of three (3) tons
23 or less for which purpose the Sangguniang Bayan shall promulgate
24 rules and regulations regarding the issuances of such licenses to
25 qualified applicants under existing laws **AND LEVY FEES SUBJECT**
26 **TO GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**
27 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**
28 **IN CONSULTATION WITH THE LEAGUE OF MUNICIPALITIES**
29 **OF THE PHILIPPINES, ON THE SETTING OF LOCAL FEES**
30 **TAKING INTO CONSIDERATION THE RECOVERY OF**
31 **ADMINISTRATIVE COSTS:** *Provided, however,* That the
32 sangguniang concerned shall, by appropriate ordinance, penalize the

1 use of explosives, noxious or poisonous substances, electricity, muro-
2 ami, and other deleterious methods of fishing and prescribe a criminal
3 penalty therefor in accordance with the provisions of this Code:
4 *Provided, finally,* That the sanggunian concerned shall have the
5 authority to prosecute any violation of the provisions of applicable
6 fishery laws.

7 SEC. 4. Section 152 of the same Code is hereby amended to read as follows:

8 "Sec. 152. *Scope of Taxing Powers.* – The barangays may levy taxes,
9 fees and charges, as provided in this Article, which shall exclusively
10 accrue to them:

11 (a) *Taxes* – On stores or retailers with fixed business establishments
12 with gross sales or receipts of the preceding calendar year of Fifty
13 thousand pesos (P50,000.00) or less, in the case of cities and Thirty
14 thousand pesos (P30,000.00) or less, in the case of municipalities, at a
15 rate not exceeding one percent (1%) on such gross sales or receipts.

16 (b) ~~[Service Fees or]~~ *Charges* – Barangays may collect reasonable
17 ~~[fees or]~~ charges for ~~[services rendered in connection with the~~
18 ~~regulation or]~~ the use of barangay-owned properties or service
19 facilities such as palay, copra or tobacco dryers **SUBJECT TO**
20 **GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**
21 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**
22 **IN CONSULTATION WITH THE LIGA NG MGA BARANGAYS SA**
23 **PILIPINAS, ON THE SETTING OF LOCAL CHARGES TAKING**
24 **INTO CONSIDERATION THE RECOVERY OF, MAINTENANCE**
25 **AND CAPITAL REPLACEMENT COSTS.**

26 (c) *Barangay Clearance* – No city or municipality may issue any license
27 or permit for any business or activity unless a clearance is first
28 obtained from the barangay where such business or activity is located
29 or conducted. For such clearance, the sanggunian barangay may
30 impose a reasonable fee **SUBJECT TO GUIDELINES TO BE**
31 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
32 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**

1 **THE LIGA NG MGA BARANGAY SA PILIPINAS, ON THE**
2 **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**
3 **RECOVERY OF ADMINISTRATIVE COSTS.** The application for
4 clearance shall be acted upon within seven (7) working days from the
5 filing thereof. In the event that the clearance is not issued within the
6 said period, the city or municipality may issue the said license or
7 permit.

8 (d) *Other fees [and Charges]* – **SUBJECT TO GUIDELINES TO BE**
9 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
10 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**
11 **THE LIGA NG MGA BARANGAY SA PILIPINAS, ON THE**
12 **SETTING OF LOCAL FEES TAKING INTO CONSIDERATION THE**
13 **RECOVERY OF ADMINISTRATIVE COSTS, [†] The barangay may**
14 levy reasonable fees [~~and charges~~]:

- 15 (1) On commercial breeding of fighting cocks, cockfights and
16 cockpits;
17 (2) On places of recreation which charge admission fees; and
18 (3) On billboards, signboards, neon signs, and outdoor
19 advertisements.”

20 SEC. 5. Section 153 of the same Code is hereby amended to read as follows:

21 “Sec. 153. [~~Service~~] **OTHER Fees [or] AND Charges.** – Local
22 government units may impose and collect such reasonable fees and
23 charges for services rendered **SUBJECT TO GUIDELINES TO BE**
24 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
25 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**
26 **THE APPROPRIATE LEAGUE OF THE LOCAL GOVERNMENT**
27 **UNIT, ON THE SETTING OF LOCAL FEES AND CHARGES**
28 **TAKING INTO CONSIDERATION THE RECOVERY OF**
29 **ADMINISTRATIVE, CAPITAL, MAINTENANCE AND OTHER**
30 **SERVICE DELIVERY COSTS.”**

31 SEC. 6. Section 154 of the same Code is hereby amended to read as follows:

1 "Sec. 154. *Public Utility Charges.* – Local government units may fix the
2 rates for the operation of public utilities owned, operated and
3 maintained by them within their jurisdiction **SUBJECT TO**
4 **GUIDELINES TO BE PROVIDED BY THE BUREAU OF LOCAL**
5 **GOVERNMENT FINANCE OF THE DEPARTMENT OF FINANCE,**
6 **IN CONSULTATION WITH THE APPROPRIATE LEAGUE OF THE**
7 **LOCAL GOVERNMENT UNIT, ON THE SETTING OF LOCAL**
8 **CHARGES TAKING INTO CONSIDERATION THE RECOVERY OF**
9 **CAPITAL, MAINTENANCE AND OTHER SERVICE DELIVERY**
10 **COSTS."**

11 SEC. 7. Section 155 of the same Code is hereby amended to read as follows:

12 "Sec. 155 *Toll [~~Fees-or~~] Charges.* – The sanggunian concerned may
13 prescribe the terms and conditions and [~~fix~~] **SET** the rates [~~for the~~
14 ~~imposition of toll fees or~~] **ON** charges **IMPOSED** for the use of any
15 public road, pier, or wharf, waterway, bridge, ferry or
16 telecommunication system funded and constructed by the local
17 government unit concerned **SUBJECT TO GUIDELINES TO BE**
18 **PROVIDED BY THE BUREAU OF LOCAL GOVERNMENT FINANCE**
19 **OF THE DEPARTMENT OF FINANCE, IN CONSULTATION WITH**
20 **THE APPROPRIATE LEAGUE OF THE LOCAL GOVERNMENT**
21 **UNIT, ON THE SETTING OF LOCAL CHARGES TAKING INTO**
22 **CONSIDERATION THE RECOVERY OF CAPITAL, MAINTENANCE**
23 **AND OTHER SERVICE DELIVERY COSTS: *Provided,*** That no such
24 toll [~~fees-or~~] charges shall be collected from officers and enlisted men
25 of the Armed Forces of the Philippines and members of the Philippine
26 National Police on mission, post office personnel delivering mail,
27 physically-handicapped, and disabled citizens who are sixty-five (65)
28 years or older.

29 When public safety and welfare so requires, the sanggunian
30 concerned may discontinue the collection of the tolls, and thereafter
31 the said facility shall be free and open for public use."

1 SEC. 8. *Ordinances Imposing Fees and Charges.* – All existing ordinances on
2 the imposition of fees and charges of local government units shall continue to be in
3 force and effect after the effectivity of this Act: *Provided,* That within two (2) years
4 from the effectivity of this Act, the concerned local government unit shall enact an
5 ordinance in compliance with the guidelines to be issued pursuant to this Act.

6 SEC. 9. *Repealing Clause.* – Except as provided in the preceding section, all
7 general and special laws, acts, city charters, executive orders, presidential
8 proclamations, issuances, rules and regulations, or parts thereof which are contrary
9 to or inconsistent with any of the provisions of this Act are hereby repealed,
10 amended, or modified accordingly.

11 SEC. 10. *Implementing Rules and Regulations.* – Within sixty (30) days from
12 the approval of this Act, the Bureau of Local Government Finance of the Department
13 of Finance shall promulgate the rules and regulations implementing the provisions of
14 this Act.

15 SEC. 11. *Separability Clause.* – If any portion or provision of this Act is
16 subsequently declared invalid or unconstitutional, other provisions hereof which are
17 not affected thereby shall remain in full force and effect.

18 SEC. 12. *Effectivity.* – This Act shall take effect fifteen (15) days after its
19 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,