



HOUSE OF REPRESENTATIVES

H. No. 6177

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BY REPRESENTATIVES YAP (V.), GARCIA (G.), MATUGAS, PICHAY AND  
PIMENTEL, PER COMMITTEE REPORT NO. 355

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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), (b) 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  
3 amended 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] 2016  
9 constant prices; a population of at least twenty-five thousand  
10 (25,000) inhabitants as certified by the [National Statistics  
11 Office] PHILIPPINE STATISTICS AUTHORITY (PSA); and a

1 contiguous territory of at least fifty (50) square kilometers as  
2 certified by the Lands Management Bureau: *Provided*, That the  
3 creation thereof shall not reduce the land area, population or  
4 income of the original municipality or municipalities at the time  
5 of said creation to less than the minimum requirements  
6 prescribed herein.

7 "x x x."

8 SEC. 2. Sections 452(a) and 453 of the Local Government Code of  
9 1991, as amended, are hereby amended to read as follows:

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

23 "SEC. 453. *Duty to Declare Highly Urbanized Status*. – It  
24 shall be the duty of [the President] **CONGRESS TO PASS A JOINT**  
25 **RESOLUTION** to declare a city as highly urbanized within thirty  
26 (30) days after it shall have met the minimum requirements  
27 prescribed in the immediately preceding section, upon proper

1 [application] DETERMINATION therefor [and]: [ratification]  
2 **PROVIDED, THAT THE DECLARATION SHALL BE RATIFIED** in a  
3 plebiscite by the qualified voters [therein] **OF THE PROVINCE IN**  
4 **WHICH THE CITY GEOGRAPHICALLY BELONGS."**

5 SEC. 3. Section 461(a), (b) and (c) of the Local Government Code of  
6 1991, as amended, is hereby amended to read as follows:

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

14 "(i) A contiguous territory of at least two thousand (2,000)  
15 square kilometers, as certified by the Lands Management  
16 Bureau; or

17 "(ii) A population of not less than two hundred fifty  
18 thousand (250,000) inhabitants as certified by the [National  
19 Statistics Office] **PSA:**

20 "*Provided,* That the creation thereof shall not reduce the  
21 land area, population, and income of the original unit or units at  
22 the time of said creation to less than the minimum requirements  
23 prescribed herein.

24 "(b) **THE TERRITORIAL JURISDICTION OF A**  
25 **NEWLY-CREATED PROVINCE SHALL BE PROPERLY IDENTIFIED**  
26 **BY METES AND BOUNDS. THE REQUIREMENT ON LAND AREA**  
27 **SHALL NOT APPLY WHERE THE PROVINCE PROPOSED TO BE**  
28 **CREATED IS COMPOSED OF ONE (1) OR MORE ISLANDS. The**

1 territory need not be contiguous if it comprises two (2) or more  
2 islands or is separated by a chartered city or cities which do not  
3 contribute to the income of the province.

4 “(c) The average annual **LOCALLY-GENERATED** income  
5 shall include the income accruing to the general fund, exclusive  
6 of **THE IRA SHARES**, special funds, trust funds, transfers, and  
7 non-recurring income.”

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

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

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

Approved,