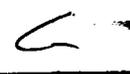


ELEVENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Third Regular Session)

'00 OCT -3 P5:33

SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 418

Submitted by the Committee on Local Government on 03 OCT 2000

Re : S. No. 2157

Recommending its approval without amendments.

Sponsor : Senator Pimentel Jr.

Mr. President :

The Committee on Local Government, to which was referred Senate Bill No. 2157, introduced by Senator Pimentel Jr., entitled:

**"AN ACT
AMENDING SECTION 450 OF REPUBLIC ACT NO. 7160,
OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE
OF 1991, BY INCREASING THE AVERAGE ANNUAL
INCOME REQUIREMENT FOR A MUNICIPALITY OR
CLUSTER OF BARANGAYS TO BE CONVERTED INTO A
COMPONENT CITY"**

be approved without amendments.

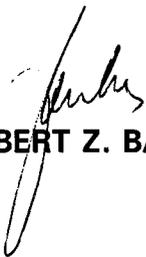
Respectfully submitted:



AQUILINO Q. PIMENTEL JR.
Chairman

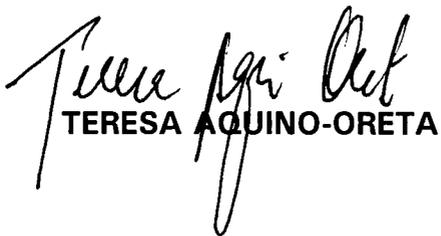
Vice - Chairmen :


VICENTE C. SOTTO III


ROBERT Z. BARBERS


SERGIO OSMEÑA III

Members:


TERESA AQUINO-ORETA


ROBERT S. JAWORSKI


RAMON B. REVILLA


JUAN M. FLAVIER


LOREN LEGARDA-LEVISTE


RODOLFO G. BIAZON

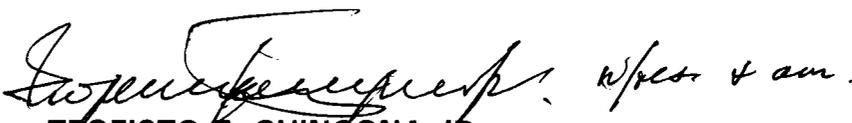

JUAN PONCE ENRILE


GREGORIO B. HONASAN

Ex - Officio Members :

BLAS F. OPLE
President Pro-Tempore

FRANCISCO S. TATAD
Majority Leader


TEOFISTO T. GUINGONA JR.
Minority Leader

Hon. FRANKLIN M. DRILON
President
Senate of the Philippines
Pasay City

Eleventh Congress of the
Republic of the Philippines }
Third Regular Session

SENATE
OFFICE OF THE SECRETARY

'00 SEP 25 P 4:24

SENATE
S. No. 2157 RECEIVED BY: AAA

Introduced by Senator Aquilino Q. Pimentel Jr.

EXPLANATORY NOTE

Prior to the passage of Republic Act No. 7160, or the Local Government Code of 1991, there were sixty cities in the Philippines. To date, this number has increased to eighty-five, with yet another forty-one municipalities applying for conversion to the same status. With regard to the annual income requirement imposed under Section 450 of the Code, most applicants comply with the required average annual income simply by incorporating their Internal Revenue Allotment (IRA) with their locally generated income.

That was hardly the intention of the requirement that municipalities seeking conversion into cities must have at least Twenty million pesos (P20,000,000.00) as average income for the last two (2) consecutive years based on 1991 constant prices.

If we allow these municipalities to continue in that manner, the day is not too far off when we will become a nation of cities without municipalities.

In view of the above considerations, immediate passage of this bill is urgently requested.


AQUILINO Q. PIMENTEL JR.

Eleventh Congress of the
Republic of the Philippines }
Third Regular Session

'00 SEP 25 P 4:24

SENATE
S. No. 2157 RECEIVED BY:

Introduced by Senator Aquilino Q. Pimentel Jr.

AN ACT
AMENDING SECTION 450 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS
THE LOCAL GOVERNMENT CODE OF 1991, BY INCREASING THE AVERAGE
ANNUAL INCOME REQUIREMENT FOR A MUNICIPALITY OR CLUSTER OF
BARANGAYS TO BE CONVERTED INTO A COMPONENT CITY

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

1 **SECTION 1.** Section 450 of Republic Act No. 7160, otherwise known as the Local
2 Government Code of 1991, is hereby amended to read as follows:

3 “Section 450. *Requisites for Creation.* (a) A municipality or a cluster of
4 barangays may be converted into a component city if it has [an] **A LOCALLY**
5 **GENERATED** average annual income, as certified by the Department of
6 Finance, of at least [Twenty million pesos (P20,000,000.00)] **ONE HUNDRED**
7 **MILLION PESOS (P100,000,000.00)** for the last two (2) consecutive years
8 based on [1991] **2000** constant prices, and if it has [either of] the following
9 requisites:

10 (i) a contiguous territory of at least one hundred (100) square kilometers, as
11 certified by the Lands Management Bureau; [or] **AND**

12 (ii) a population of not less than one hundred fifty thousand (150,000)
13 inhabitants, as certified by the National Statistics Office:

14 *[Provided, That, t]* The creation thereof shall not reduce the land area, population, and
15 income of the original unit or units at the time of said creation to less than the minimum
16 requirements prescribed herein.

17 (b) The territorial jurisdiction of a newly-created city shall be properly identified
18 by metes and bounds. The requirement on land area shall not apply where the city

1 proposed to be created is composed of one (1) or more islands. The territory need not be
2 contiguous if it comprises two (2) or more islands.

3 (c) The average annual income shall include the income accruing to the general
4 fund, exclusive of special funds, transfers, and non-recurring income.”

5 **SEC. 2. *Repealing Clause.*** – All laws, decrees, orders, rules and regulations, and other
6 issuances or parts thereof, which are inconsistent with this Act, are hereby repealed or modified
7 accordingly.

8 **SEC. 3. *Effectivity Clause.*** – This Act shall take effect after fifteen (15) days following
9 its complete publication in at least two (2) national newspapers of general circulation.

Approved,