

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session



COMMITTEE REPORT NO. 17

Submitted by the Committee on Local Government on 19 OCT 2016

Re: House Bill No. 4149

Recommending its approval in substitution of House Bill No. 257

Sponsors: Representatives Pedro B. Acharon, Jr. and Roy M. Loyola

Mr. Speaker:

The Committee on Local Government to which was referred House Bill No. 257 introduced by Representative Roy M. Loyola, entitled:

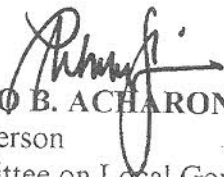
“AN ACT
EXEMPTING FROM THE POPULATION AND THE LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED BY REPUBLIC ACT NO. 9009, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991”

has considered the same and recommends that the attached House Bill No. 4149 entitled:

“AN ACT
EXEMPTING FROM THE POPULATION AND LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED BY REPUBLIC ACT NO. 9009, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991”

be approved in substitution of House Bill No. 257 with Representatives Loyola, Acharon, Aalonte-Naguiat, Eriguel, Dalog, Salceda, Mangaoang, Pancho, Ferrer IV, Martinez, Yap (M), Matugas, Malanyaon, Tiangco, Santos-Recto, Dimaporo (K), Pimentel, Relampagos, Barzaga, Cortez, Cuaresma, Bordado, Jr., Almonte, Villanueva, Ferrer (J), Nieto, Uy, Arcillas and Sagarbarria as authors thereof.

Respectfully submitted:



PEDRO B. ACHARON, JR.
Chairperson
Committee on Local Government

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES**

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL No. **4149**

Introduced by: REPRESENTATIVES LOYOLA, ACHARON, ALONTE-NAGUIAT, ERIGUEL, DALOG, SALCEDA, MANGAOANG, PANCHO, FERRER IV, MARTINEZ, YAP (M), MATUGAS, MALANYAON, TIANGCO, SANTOS-RECTO, DIMAPORO (K), PIMENTEL, RELAMPAGOS, BARZAGA, CORTEZ, CUARESMA, BORDADO, JR., ALMONTE, VILLANUEVA, FERRER (J), NIETO, UY, ARCILLAS AND SAGARBARRIA

AN ACT
EXEMPTING FROM THE POPULATION AND LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

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

1 SECTION 1. Section 450 of Republic Act No. 7160 as amended by Republic Act
2 No. 9009, otherwise known as the Local Government Code of 1991 is hereby further
3 amended to read as follows:

4 “SECTION 450. *Requisites for Creation.* – (a) A municipality or
5 a cluster of barangays may be converted into a component city if it has a
6 locally generated average annual income, as certified by the Department
7 of Finance, of at least One hundred million pesos (P100,000,000.00), for
8 the last two (2) consecutive years based on [2000] 2012 constant prices,
9 and if it has either of the following requisites:

1 (i) a contiguous territory of at least one hundred (100) square
2 kilometers, as certified by the Land Management Bureau; or

3 (ii) a population of not less than one hundred fifty thousand
4 (150,000) inhabitants, as certified by the National Statistics Office.

5 THE POPULATION AND LAND AREA REQUIREMENTS
6 PRESCRIBED HEREIN SHALL NOT APPLY IF A MUNICIPALITY
7 OR A CLUSTER OF BARANGAYS HAS A LOCALLY GENERATED
8 AVERAGE ANNUAL INCOME, AS CERTIFIED BY THE
9 DEPARTMENT OF FINANCE, OF AT LEAST TWO HUNDRED
10 FIFTY MILLION PESOS (P250,000,000.00) FOR THE LAST TWO (2)
11 CONSECUTIVE YEARS BASED ON 2012 CONSTANT PRICES AND
12 HAS EITHER THE POPULATION OR LAND AREA REQUIREMENT
13 PRESCRIBED FOR THE CREATION OF A MUNICIPALITY UNDER
14 SECTION 442 OF THIS CODE: *PROVIDED*, THAT THREE (3)
15 YEARS AFTER THE EFFECTIVITY OF THIS ACT AND EVERY
16 THREE (3) YEARS THEREAFTER, THE THRESHOLD AMOUNT OF
17 TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00) SHALL
18 BE INCREASED BY FIVE PERCENT (5%).”

19 The creation thereof shall not reduce the land area, population and
20 income of the original unit or units at the time of said creation to less than
21 the minimum requirements prescribed herein.

22 (b) The territorial jurisdiction of a newly-created city shall be
23 properly identified by metes and bounds. The requirement on land area
24 shall not apply where the city proposed to be created is composed of one
25 (1) or more islands. The territory need not be contiguous if it comprises
26 two (2) or more islands.

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

1 **SEC. 2.** This Act shall take effect fifteen (15) days after its publication the
2 Official Gazette or in a newspaper of general circulation.

3 *Approved,*

FACT SHEET

House Bill No. **4149**

In substitution of House Bill No. 257

(As approved by the Committee on October 18, 2016)

EXEMPTING FROM THE POPULATION AND LAND AREA REQUIREMENTS THE CONVERSION OF A MUNICIPALITY INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160.

Introduced by: Rep. Roy M. Loyola

Committee Referral: Local Government

Committee Chairperson: Rep. Pedro B. Acharon, Jr.

OBJECTIVES:

- To provide a mechanism for high income municipalities to be elevated to the status of a component city
- To ensure that municipalities and cities are capable of providing the basic services to its inhabitants

KEY PROVISION:

- Amends Section 450 of Republic Act No. 7160, by allowing the conversion of a municipality into a component city if it has an average income of at least Two Hundred Fifty Million Pesos (P250,000,000.00) without regard to its land area and population

RELATED LAW:

- Section 450 of Republic Act No. 7160, as amended by Republic Act No. 9009, otherwise known as the Local Government Code of 1991