

Opposing Statements to Senate Bill 1842: A Briefer

Senate Bill 1842 is an attempt at exempting municipalities or cluster of barangays with locally generated income of at least 250 million pesos from the population and land area requirement prescribed in the 1991 Local Government Code. The Bill was not even on the 01 August calendar of the Senate but it was wedged in and approved on 2nd reading without objections. The Bill will open doors for massive conversion because any municipality or cluster of barangays that does not meet the conversion criteria will only need to file an exemption bill to do so.

Smaller and IRA-dependent cities to suffer more

The “mad rush” of municipalities converting into cities has negative impact on the resources of cities and greatly affects the cities’ ability to deliver basic services to their constituents. Senate Bill 1842 will open doors for massive conversion because any municipality that does not meet the conversion criteria but with large local income will only need to file an exemption bill to do so. Based on 2016 figures, there are nine (9) municipalities that could readily apply for cityhood and three (3) that are down to a few millions.¹ Based on the simulation conducted by the League, the conversion of an additional city will cost existing ones roughly three (3) million pesos. As such, cities could lose more or less forty million pesos immediately upon the passage of the Bill into law. Such an estimate does not even include wealthy barangays.

Cluster of Barangays May Secede and Form their Own City

The Bill also has expected backlash to bigger cities (even provinces) as it allows affluent barangays to cluster together to achieve the 250 million income requirement, secede, and form their own city (not town). With the passage of the Bill, for instance, Barangay Bel Air with a 2018 local income of 200,038,531.22² may invite neighboring Barangay San Lorenzo with a 2016 local income of 120 million³ to amalgamate, split from Makati City, and form their new city.

Blurring the distinction between and among LGUs

To exempt the financially viable municipalities and clusters of barangays from the requirements would render insignificant the spirit behind the statutory distinctions between and among local government units. By removing the physical requirements of city conversion, it begs the question on what constitutes a province, a city, a municipality or even a barangay? Such an outcome may be interpreted as a violation of Section 1, Article X of the 1987 constitution which distinguishes political subdivisions of the country into provinces, cities, municipalities, and barangays.

¹ The nine (9) municipalities are Limay, Mariveles, Marilao, Masinloc, Calaca, Carmona, Cainta, Taytay, Malay while the three (3) are Santa Maria, Silang, and Mauban. The data was sourced from the 2016 Statement of Receipts and Expenditures prepared by the Bureau of Local Government Finance.

² Source: Barangay Bel Air official website

³ Megacities.com

The Bills disregard the spirit behind the law on verifiable indicators of creation and conversion of local government units

Time and again, the League has manifested that while it is true that income requirement is a verifiable indicator of the viability and capability of the local government units in handling its affairs, the same cannot stand on its own. It is well established that land area and/or population must complement the income, hence, equally important criteria for conversion. It is a basic principle in economics that land, labor and capital are essential factors for production. This provides economic wisdom in putting population and land area requirement for the conversion of local government units in the Local Government Code.

The statutory requirements are sufficient and generally attainable

A remarkable growth of 143% in the number of municipalities converted into component cities in less than three decades indicates that the requirements are feasible and benchmarks are generally attainable. In fact, the number of cities ballooned from sixty (60) in the year 1991 to 145 in the year 2015.⁴ Moreover, the law only requires compliance with either land OR population requirement.

There is no compelling reason that warrants an exemption to the general rule on requirements for conversion

It is well settled that the primordial reason for converting a municipality into a city is the economic viability. The conclusion that income is equivalent to economic viability is a sweeping generalization. The League underscores that economic viability does not only relate to income or finances but it also relates to the careful management of resources with regard to territory, people and services. The League stresses that the capability of a municipality to generate a high income is not enough to veer away from the established general rule absent careful scrutiny and peremptory cause that warrant the exemption.

⁴ Source: Philippine Statistical Authority