



LEAGUE OF CITIES OF THE PHILIPPINES

Policy and Program Note

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POLICY UPDATES

The League is closely monitoring the development of the following cases and bills that will greatly impact city administration and governance:

MANDANAS CASE

The Supreme Court decided on 04 July that the “just share” of local government units (LGUs) should be calculated and obtained from ‘national taxes’ and not just from the ‘national internal revenue taxes’. The said ruling was on a petition filed in January 2012 by then Batangas Representative Hermilando Mandanas who questioned before the Supreme Court the constitutionality of the government’s computation of the Internal Revenue Allotment (IRA). The verdict will substantially increase the proposed allotment to LGUs with the addition of national taxes collected by the Bureau of Customs such as tariffs and customs duties. The decision is also a victory for City Mayors who championed the same advocacy in the Senate by supporting the immediate passage of the Bigger Pie, Bigger Slice Bills, particularly Senate Bill No. 110.

As of 22 July 2018 and based on the Press Statement of DOF Secretary Carlos Dominguez III, DOF will file a motion for reconsideration upon receipt of the final resolution from the Supreme Court.

CONSULTATIVE COMMITTEE’S DRAFT CONSTITUTION

The Consultative Committee (Con-Com) tasked to review the 1987 Constitution released on 09 July the latest, official version of its proposed Federal Constitution. More powers, resources, and representation appear to go local in the said draft. The draft constitution delegates exclusive and shared powers between the Federal and Regional Governments. Noteworthy, the Regional Governor shall exercise general supervision over local government units (LGUs). Regional Governments shall also have the power to levy taxes, fees, and charges

within its territory, in addition to the Equalization Fund (3 percent or more of the GAA) and 50 percent share in national taxes. Cities, in particular, find representation at the federal and regional levels. Those with a population of at least 500,000 voters shall have one seat in the House of Representatives. Each Regional Assembly, the legislative body for the region, shall be composed of the incumbent governors of provinces and mayors of highly urbanized cities and independent component cities. To note, the Con-Com draft is only a recommendation to Congress, the only public institution with the mandate to revise the Constitution. In LCP Resolution 2018-01, cities unanimously called for the drafting of a Philippine Federal Constitution through a Constituent Assembly. Furthermore, the League spearheaded or took part in various efforts to promote Philippine Federalism and Constitutional Reform.

BANGSAMORO ORGANIC LAW

The bicameral conference committee approved on 18 July the reconciled version of the proposed Bangsamoro Basic Law, now called the Bangsamoro Organic Law. The joint bill shall create a substantially autonomous territory out of the existing areas in the ARMM (i.e., Basilan, Sulu, Tawi-Tawi, Lanao del Sur and Maguindanao) and, if approved by a one-time plebiscite, portions of Lanao Del Norte and North Cotabato. The proposed Organic Law allows the Bangsamoro government to have its own legislative assembly, retain the largest share of its local revenues, regularly receive a fixed portion of the central government’s revenues, and manage natural resources within its territory. The region’s justice system shall also incorporate Islamic Laws.

Under the Con-Com draft constitution, the Bangsamoro Organic Law shall be appended as Ordinance II of the Federal Constitution. In its formal appeal for Philippine federalization, the League is convinced that only a Federal Constitution can accommodate the creation of a Bangsamoro state, which may quell the decades-

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