



News Release

City Mayors Appeal for the Immediate Implementation of SC Ruling on LGU Share in National Taxes

QUEZON CITY, 02 September 2019 - The official association of city mayors in the country urged the national government to release this year the “just share” of local governments in all national taxes, thereby expanding the Internal Revenue Allotment (IRA) of LGUs.

The said appeal is based on the Supreme Court (SC) decision which ruled favorably on the petition of Batangas Gov. Hermilando Mandanas entitling local governments to a share in the national taxes and not just in national internal revenue taxes.

It was made through a resolution issued by the League of Cities of the Philippines (LCP) following DBM’s statement that the agency is preparing for the implementation of the Supreme Court decision in 2022.

According to LCP National Executive Board Resolution No. 2019-05, the prompt implementation of the Supreme Court decision will allow LGUs to immediately and effectively rally behind and perform their duties in the priority legislative agenda of the Duterte Administration, which include the Universal Health Care Act, the Magna Carta of the Poor, and the Department of Human Settlements and Urban Development Act, among others.

The LCP also asserts that the Supreme Court’s acknowledgement of the 2022 implementation is an obiter dictum, and not a formal and explicit part of the latter’s final decision.

“A deliberate delay in the implementation of the Supreme Court’s decision, regardless of any consideration, may therefore run contrary to such constitutional mandate for fiscal decentralization,” it said.

###

ABOUT LCP

The LCP is the official association of cities in the country mandated to ventilate, articulate, and crystallize issues affecting cities. It is duly registered with the Securities and Exchange Commission as a non-stock, nonprofit organization and is currently headed by the LCP National President, Bacolod City Mayor Bing Leonardia. Recognizing that the country’s progress is contingent upon the development of its local



LEAGUE OF CITIES OF THE PHILIPPINES

governments, the LCP works towards building the capacities of cities through projects and programs that touch on various aspects of local governance.

MEDIA CONTACT

Fidel Pamintuan

fidel.pamintuan.lcp@gmail.com

+63917 895 5131



LEAGUE OF CITIES OF THE PHILIPPINES

LCP NATIONAL EXECUTIVE BOARD (NEB) RESOLUTION
NEBRES NO. 2019-05
Series of 2019

AN APPEAL FOR THE IMMEDIATE IMPLEMENTATION
OF THE SUPREME COURT DECISION ON LGUS' JUST SHARE
IN NATIONAL TAXES (GR Nos. 199802 and 208488)

WHEREAS, the League of Cities of the Philippines, the mandated association of 145 cities across the country, stands at the forefront of policymaking as an advocate of local governance and autonomy, ensuring that cities continually perform their role in improving the lives of Filipinos for years to come.

WHEREAS, the League lauds the Supreme Court decision on GR No. 199802 ruling favorably on the separate petitions of Gov. Hermilando Mandanas and the late Bataan Rep. Enrique Garcia that local government units (LGUs) are entitled to a share in national taxes, and declaring unconstitutional the use of the phrase "internal revenue" in Section 284 of RA 7160, or the Local Government Code.

WHEREAS, the League equally praises the High Court's reaffirmation of its decision, which expanded the base for the computation of just share of LGUs, when it effectively denied the Motion for Reconsideration filed by the Office of the Solicitor General (OSG) in its resolution on GR No. 208488.

WHEREAS, the Department of Budget and Management (DBM) stated during the 92nd National Executive Board meeting of the Union of Local Authorities of the Philippines (ULAP) on 26 June 2019 that the agency is preparing for the implementation of the decision in 2022.

WHEREAS, the High Court only acknowledged the merits of the OSG's suggestion to start the implementation with the 2022 budget cycle *obiter dictum* and not an explicit part of its final decision. The High Court clarified in its decision on GR No.



208488 that the duty of judicial review “does not allow the Court to mark the time and await the rectification to be made by Congress of the unconstitutional situation, as the OSG seems to suggest”.

WHEREAS, Article 7 of the Civil Code of the Philippines (RA 386) dictates that “when the courts declared a law to be inconsistent with the Constitution, the former shall be void and the latter shall govern.” Meanwhile, Article 8 of the law prescribes that judicial interpretation shall form part of the country’s legal system.

WHEREAS, Section 6, Article X of the 1987 Constitution ordains that the "local government units shall have a just share, as determined by law, in the national taxes which shall be automatically released to them." Meanwhile, in GR No. 199802, the Court interpreted the term ‘automatic’ as “something mechanical, spontaneous and perfunctory”. A deliberate delay in the implementation of the Supreme Court’s decision, regardless of any consideration, may therefore run contrary to such constitutional mandate for fiscal decentralization.

WHEREAS, the punctual implementation of the Supreme Court decision will allow local government units to immediately and effectively rally behind and perform their duties in the priority programs of the Duterte Administration as declared in the ratification of the Universal Health Care Act (RA 11223), the Magna Carta of the Poor (RA 11291), and the Department of Human Settlements and Urban Development Act (RA 11201), among others.

NOW, THEREFORE, BE IT RESOLVED, as it hereby resolved that the 145 members of the League of Cities of the Philippines humbly appeals to the wisdom of President Rodrigo Roa Duterte to issue a marching order to the Department of Budget and Management to immediately compute the share of LGUs in the implementation of the Supreme Court Decision. To this effect, LGUs’ just share in all national taxes must be released to them beginning this year, 2019.

ADOPTED this 20th day of July 2019 at the EDSA Shangri-la, Manila in Mandaluyong City during the League’s 68th National Executive Board Meeting.



CERTIFICATION

I hereby **CERTIFY** to the correctness and authenticity of the foregoing **RESOLUTION**.

ARNAN C. PANALIGAN

*LCP Secretary-General
Mayor, City of Calapan*

ATTESTED

EDGARDO D. LABELLA

*National Chairperson
Mayor, Cebu City*

EVELIO R. LEONARDIA

*National President
Mayor, Bacolod City*