

[REPUBLIC ACT NO. 7160, October 10, 1991]

AN ACT PROVIDING FOR A LOCAL GOVERNMENT CODE OF 1991

BOOK I

GENERAL PROVISIONS

Title One

BASIC PRINCIPLES

CHAPTER 1. - The Code: Policy and Application

SECTION 1. *Title.* - This Act shall be known and cited as the "Local Government Code of 1991".

SECTION 2. *Declaration of Policy.* - (a) It is hereby declared the policy of the State that the territorial and political subdivisions of the State shall enjoy genuine and meaningful local autonomy to enable them to attain their fullest development as self-reliant communities and make them more effective partners in the attainment of national goals. Toward this end, the State shall provide for a more responsive and accountable local government structure instituted through a system of decentralization whereby local government units shall be given more powers, authority, responsibilities, and resources. The process of decentralization shall proceed from the National Government to the local government units.

(b) It is also the policy of the State to ensure the accountability of local government units through the institution of effective mechanisms of recall, initiative and referendum.

(c) It is likewise the policy of the State to require all national agencies and offices to conduct periodic consultations with appropriate local government units, nongovernmental and people's organizations, and other concerned sectors of the community before any project or program is implemented in their respective jurisdictions.

SECTION 3. *Operative Principles of Decentralization.* - The formulation and implementation of policies and measures on local autonomy shall be guided by the following operative principles:

(a) There shall be an effective allocation among the different local government units of their respective powers, functions, responsibilities, and resources;

(b) There shall be established in every local government unit an accountable, efficient, and dynamic organizational structure and operating mechanism that will meet the priority needs and service requirements of its communities;

(c) Subject to civil service law, rules and regulations, local officials and employees paid wholly or mainly from local funds shall be appointed or removed, according to merit and fitness, by the appropriate appointing authority;

(d) The vesting of duty, responsibility, and accountability in local government units shall be accompanied with provision for reasonably adequate resources to discharge their powers and effectively carry out their functions; hence, they shall have the power to create and broaden their own sources of revenue and the right to a just share in national taxes and an equitable share in the proceeds of the utilization and development of the national wealth within their respective areas;

(e) Provinces with respect to component cities and municipalities, and cities and municipalities with respect to component barangays, shall ensure that the acts of their component units are within the scope of their prescribed powers and functions;

(f) Local government units may group themselves, consolidate or coordinate their efforts, services, and resources for purposes commonly beneficial to them;

(g) The capabilities of local government units, especially the municipalities and barangays, shall be enhanced by providing them with opportunities to participate actively in the implementation of national programs and projects;

(h) There shall be a continuing mechanism to enhance local autonomy not only by legislative enabling acts but also by administrative and organizational reforms;

(i) Local government units shall share with the national government the responsibility in the management and maintenance of ecological balance within their territorial jurisdiction, subject to the provisions of this Code and national policies;

(j) Effective mechanisms for ensuring the accountability of local government units to their respective constituents shall be strengthened in order to upgrade continually the quality of local leadership;

(k) The realization of local autonomy shall be facilitated through improved coordination of national government policies and programs and extension of adequate technical and material assistance to less developed and deserving local government units;

(l) The participation of the private sector in local governance, particularly in the delivery of basic services, shall be encouraged to ensure the viability of local autonomy as an alternative strategy for sustainable development; and

(m) The national government shall ensure that decentralization contributes to the continuing improvement of the performance of local government units and the quality of community life.

SECTION 4. *Scope of Application.* - This Code shall apply to all provinces, cities, municipalities, barangays, and other political subdivisions as may be created by law,

and, to the extent herein provided, to officials, offices, or agencies of the national government.

SECTION 5. *Rules of Interpretation.* - In the interpretation of the provisions of this Code, the following rules shall apply:

(a) Any provision on a power of a local government unit shall be liberally interpreted in its favor, and in case of doubt, any question thereon shall be resolved in favor of devolution of powers and of the lower local government unit. Any fair and reasonable doubt as to the existence of the power shall be interpreted in favor of the local government unit concerned;

(b) In case of doubt, any tax ordinance or revenue measure shall be construed strictly against the local government unit enacting it, and liberally in favor of the taxpayer. Any tax exemption, incentive or relief granted by any local government unit pursuant to the provisions of this Code shall be construed strictly against the person claiming it.

(c) The general welfare provisions in this Code shall be liberally interpreted to give more powers to local government units in accelerating economic development and upgrading the quality of life for the people in the community;

(d) Rights and obligations existing on the date of effectivity of this Code and arising out of contracts or any other source of prestation involving a local government unit shall be governed by the original terms and conditions of said contracts or the law in force at the time such rights were vested; and

(e) In the resolution of controversies arising under this Code where no legal provision or jurisprudence applies, resort may be had to the customs and traditions in the place where the controversies take place.

CHAPTER 2. - General Powers and Attributes of Local Government Units

SECTION 6. *Authority to Create Local Government Units.* - A local government unit may be created, divided, merged, abolished, or its boundaries substantially altered either by law enacted by Congress in the case of a province, city, municipality, or any other political subdivision, or by ordinance passed by the sangguniang panlalawigan or sangguniang panlungsod concerned in the case of a barangay located within its territorial jurisdiction, subject to such limitations and requirements prescribed in this Code.

SECTION 7. *Creation and Conversion.* - As a general rule, the creation of a local government unit or its conversion from one level to another level shall be based on verifiable indicators of viability and projected capacity to provide services, to wit:

(a) Income. - It must be sufficient, based on acceptable standards, to provide for all essential government facilities and services and special functions commensurate with the size of its population, as expected of the local government unit concerned;

(b) Population. - It shall be determined as the total number of inhabitants within the territorial jurisdiction of the local government unit concerned; and

(c) Land Area. - It must be contiguous, unless it comprises two (2) or more islands or is separated by a local government unit independent of the others; properly identified by metes and bounds with technical descriptions; and sufficient to provide for such basic services and facilities to meet the requirements of its populace.

Compliance with the foregoing indicators shall be attested to by the Department of Finance (DOF), the National Statistics Office (NSO), and the Lands Management Bureau (LMB) of the Department of Environment and Natural Resources (DENR).

SECTION 8. *Division and Merger.* - Division and merger of existing local government units shall comply with the same requirements herein prescribed for their creation: *Provided, however,* That such division shall not reduce the income, population, or land area of the local government unit or units concerned to less than the minimum requirements prescribed in this Code: *Provided, further,* That the income classification of the original local government unit or units shall not fall below its current income classification prior to such division.

The income classification of local government units shall be updated within six (6) months from the effectivity of this Code to reflect the changes in their financial position resulting from the increased revenues as provided herein.

SECTION 9. *Abolition of Local Government Units.* - A local government unit may be abolished when its income, population, or land area has been irreversibly reduced to less than the minimum standards prescribed for its creation under Book III of this Code, as certified by the national agencies mentioned in Section 7 hereof to Congress or to the sanggunian concerned, as the case may be.

The law or ordinance abolishing a local government unit shall specify the province, city, municipality, or barangay with which the local government unit sought to be abolished will be incorporated or merged.

SECTION 10. *Plebiscite Requirement.* - No creation, division, merger, abolition, or substantial alteration of boundaries of local government units shall take effect unless approved by a majority of the votes cast in a plebiscite called for the purpose in the political unit or units directly affected. Said plebiscite shall be conducted by the Commission on Elections (Comelec) within one hundred twenty (120) days from the date of effectivity of the law or ordinance effecting such action, unless said law or ordinance fixes another date.

SECTION 11. *Selection and Transfer of Local Government Site, Offices and Facilities.*
- (a) The law or ordinance creating or merging local government units shall specify the seat of government from where governmental and corporate services shall be delivered. In selecting said site, factors relating to geographical centrality, accessibility, availability of transportation and communication facilities, drainage and sanitation, development and economic progress, and other relevant considerations shall be taken into account.

(b) When conditions and developments in the local government unit concerned have significantly changed subsequent to the establishment of the seat of government, its sanggunian may, after public hearing and by a vote of two-thirds (2/3) of all its members, transfer the same to a site better suited to its needs. *Provided, however,*

That no such transfer shall be made outside the territorial boundaries of the local government unit concerned.

The old site, together with the improvements thereon, may be disposed of by sale or lease or converted to such other use as the sanggunian concerned may deem beneficial to the local government unit concerned and its inhabitants.

(c) Local government offices and facilities shall not be transferred, relocated, or converted to other uses unless public hearings are first conducted for the purpose and the concurrence of the majority of all the members of the sanggunian concerned is obtained.

SECTION 12. *Government Centers.* - Provinces, cities, and municipalities shall endeavor to establish a government center where offices, agencies, or branches of the National Government, local government units, or government-owned or -controlled corporations may, as far as practicable, be located. In designating such a center, the local government unit concerned shall take into account the existing facilities of national and local agencies and offices which may serve as the government center as contemplated under this Section. The National Government, local government unit or government-owned or -controlled corporation concerned shall bear the expenses for the construction of its buildings and facilities in the government center.

SECTION 13. *Naming of Local Government Units and Public Places, Streets and Structures.* - (a) The sangguniang panlalawigan may, in consultation with the Philippine Historical Commission (PHC), change the name of the following within its territorial jurisdiction:

- (1) Component cities and municipalities, upon the recommendation of the sanggunian concerned;
- (2) Provincial roads, avenues, boulevards, thoroughfares, and bridges;
- (3) Public vocational or technical schools and other post-secondary and tertiary schools;
- (4) Provincial hospitals, health centers, and other health facilities; and
- (5) Any other public place or building owned by the provincial government.

(b) The sanggunians of highly urbanized cities and of component cities whose charters prohibit their voters from voting for provincial elective officials, hereinafter referred to in this Code as independent component cities, may, in consultation with the Philippine Historical Commission, change the name of the following within its territorial jurisdiction:

- (1) City barangays, upon the recommendation of the sangguniang barangay concerned;
- (2) City roads, avenues, boulevards, thoroughfares, and bridges;
- (3) Public elementary, secondary and vocational or technical schools, community colleges and non-chartered colleges;
- (4) City hospitals, health centers and other health facilities; and
- (5) Any other public place or building owned by the city government.