

[EXECUTIVE ORDER NO. 249, July 25, 1987]

PROVIDING FOR A NEW INCOME CLASSIFICATION OF PROVINCES, CITIES AND MUNICIPALITIES, AND FOR OTHER PURPOSES.

WHEREAS, the last reclassification of provinces, cities and municipalities took effect on July 1, 1982, and as provided for under existing law, the next general reclassification shall be effective July 1, 1986;

WHEREAS, a review of the present classification scheme revealed that around eighty per cent (80%) of provinces, cities and municipalities will fall under the same class, thereby nullifying the very objectives and purposes of categorizing local government units;

WHEREAS, the income classification of provinces, cities and municipalities serves, among other purposes, as basis for fixing the maximum tax ceilings imposable by the local governments for determining administrative and statutory aids, financial grants and other forms of assistance to local governments, and for the implementation of salary laws and administrative issuances on allowances and emoluments that local government officials and personnel may be entitled to;

WHEREAS, there is an urgent need to prescribe a more realistic classification scheme that will effectively serve the aims and purposes of establishing income categories for the local government units;

NOW, THEREFORE, I, CORAZON C. AQUINO, President of the Philippines, do hereby order:

SECTION 1. *Classification of Provinces and Cities.* – Provinces and cities, except Manila and Quezon City which shall remain as *Special Class* cities, are hereby divided into six (6) main classes according to the average annual income that they actually realized during the last four calendar years immediately preceding the general classification, as follows:

- (A) *First Class* - The provinces and cities that have obtained an average annual income of thirty Million Pesos or more;
- (B) *Second Class* - The provinces and cities that have obtained an average annual income of Twenty Million Pesos or more but less than Thirty Million Pesos;
- (C) *Third Class* - The provinces and cities that have obtained an average annual income of Fifteen Million Pesos or more but less than Twenty Million Pesos;
- (D) *Fourth Class* - The provinces and cities that have obtained an

average annual income of Ten Million Pesos or more but less than Fifteen Million Pesos;

(E) *Fifth Class* - The provinces and cities that have obtained an average annual income of Five Million Pesos or more but less than Ten Million Pesos; and

(F) *Sixth Class* - The Provinces and cities that have obtained an average annual income of less than Five Million Pesos.

SEC. 2. *Classification of Municipalities.* - Municipalities are divided into six (6) main classes according to the average annual income that they actually realized during the last four calendar years immediately preceding the general classification, as follows:

(A) *First Class* - Municipalities that have obtained an average annual income of fifteen million pesos or more;

(B) *Second Class* - Municipalities that have obtained an average annual income of Ten Million Pesos or more but less than Fifteen Million Pesos;

(C) *Third Class* - Municipalities that have obtained an average annual income of Five Million Pesos or more but less than Ten Million Pesos;

(D) *Fourth Class* - Municipalities that have obtained an average annual income of Three Million Pesos or more but less than Five Million Pesos;

(E) *Fifth Class* - Municipalities that have obtained an average annual income of One Million Pesos or more but less than Three Million Pesos;

(F) *Sixth Class* - Municipalities that have obtained an average annual income of less than One Million Pesos.

SEC. 3. *Periods of General Reclassification of Provinces, Cities and Municipalities* – Upon the effectivity of this Executive Order and for each period of four consecutive calendar years thereafter, the Secretary of Finance shall reclassify all Provinces, Cities, except Manila and Quezon City which shall remain as Special class Cities, and Municipalities, on the basis of the foregoing schedules of the average annual income of each Province, City or Municipality derived during the last four consecutive calendar years immediately preceding such reclassification according to the provisions hereof: *Provided*, That the first classification under this Executive Order shall take effect on July First Nineteen Hundred and Eighty Seven: *Provided, further*, That a Province or City or Municipality which has been in existence for a period of less than four full calendar years immediately preceding the classification herein provided shall be classified on the basis of its average income during such lesser number of full calendar years or year immediately following its organization as such Province or City or Municipality: *And Provided, finally*, That no readjustment of in four consecutive calendar years after the first general reclassification provided for herein, except in cases of diminishing revenues when the Secretary of Finance may