



REPUBLIC OF THE PHILIPPINES

Department of Budget and Management
Malacañang, Manila

LEGAL OPINION NO. L-B-2002-05

- SUBJECT :** **Local Government – Basic Real Property Tax and Special Education Fund (SEF)/IRA**
- ISSUES :**
- (1) Whether the Provincial Government of Laguna is still entitled to collect its shares in the real property tax collections of the newly created City of Calamba pursuant to Sections 271 and 272 of the Local Government Code (LGC).
 - (2) Whether the Department of Budget and Management (DBM) should remit to the province its share in the Unprogrammed IRA for FY 2001.
- FACTS :** The City of Calamba, upon its ratification as a chartered City in a plebiscite conducted on 21 April 2001, refused to remit to the Provincial government of Laguna any share in the proceeds from basic real property tax collections and from the additional 1% SEF tax.

First Issue: Upon the ratification of the creation of the City of Calamba, the Provincial Government of Laguna is no longer entitled to the proceeds from basic real property and additional 1% SEF tax collection of the City.

Section 271 of the LGC specifically states that proceeds of the basic real property tax shall be distributed as follows: 70% to the City and 30% to the Barangay. It is clear from Section 271 that the province has no more share in basic real property tax collected by the City. Furthermore, Section 272 of the LGC on the application of the proceeds of the additional 1% SEF Tax states that proceeds thereof shall be released to local school boards.

Since there is no provision in the city's charter which deals with the distribution of its collections from basic real property taxes, the provisions of the LGC shall continue to apply.

Second Issue: As regards the release of the share of the Province of Laguna in the FY 2001 IRA-Unprogrammed Fund (based on FY 2000 IRA-Unprogrammed Fund under R.A. No. 8760, as reenacted), the following conditions for the release thereof were prescribed under Special Provision No. 4 thereof, to wit:

"4. *Additional Operational Requirements and Projects of Agencies.* The appropriations for Purpose 6 – Additional Operational Requirements and Projects of agencies herein indicated shall be released only when the original revenue targets submitted by the President of the Philippines to Congress pursuant to Section 22, Article VII of the Constitution can be realized based on a quarterly assessment of the Development Budget and Coordinating Committee, the Committee on Finance of the Senate and the Committee on Appropriations of the House of Representatives and shall be used for the following: (underscoring ours)


x x x

x x x."

Inasmuch as the above-quoted conditions had not been met, the DBM was constrained from undertaking any release from said Fund in FY 2001.

REFERENCE: Letter of the Secretary dated 02 July 2002 to Hon. Teresita S. Lazaro, Governor, Province of Laguna.

Recommended:


RUBY U. ALVAREZ
Director, LLS

Approved:


EMILIA T. BONCODIN
Secretary