AN ACT
ALLOWING THE CONVERSION OF A MUNICIPALITY WITH EITHER A POPULATION OF AT LEAST ONE HUNDRED THOUSAND (100,000) INHABITANTS AS CERTIFIED BY THE PHILIPPINE STATISTICS AUTHORITY (PSA), OR A CONTIGUOUS TERRITORY OF AT LEAST ONE HUNDRED (100) SQUARE KILOMETERS, AS CERTIFIED BY THE LAND MANAGEMENT BUREAU (LMB), INTO A COMPONENT CITY, IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00), AMENDING FOR THE PURPOSE SECTION 450 OF REPUBLIC ACT NO. 7160, AS AMENDED, OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Section 450 of Republic Act No. 7160, as amended by Republic Act No. 9009, otherwise known as the Local Government Code of 1991 is hereby further amended to read as follows:

"SEC. 450. Requisites for Creation. – (a) A municipality or a cluster of barangays may be converted into a component city if it has a locally generated average annual income, as certified by the Department of Finance, of at least One hundred million pesos (100,000,000.00) for the last two (2) consecutive years based on the [2000] 2012 constant prices, and if it has either of the following requisites:

(i) a contiguous territory of at least one hundred (100) square kilometers, as certified by the Land Management Bureau (LMB); or
(ii) a population of not less than one hundred fifty thousand (P150,000) inhabitants, as certified by the Philippine Statistics Authority (PSA).

Provided, That, The creation thereof shall not reduce the land area, population and income of the original unit or units at the time of said creation to less than the minimum requirements prescribed herein.

A MUNICIPALITY OR A CLUSTER OF BARANGAYS WITH EITHER A POPULATION OF AT LEAST ONE HUNDRED THOUSAND (100,000) INHABITANTS AS CERTIFIED BY THE PSA, OR A CONTIGUOUS TERRITORY OF AT LEAST ONE HUNDRED (100) SQUARE KILOMETERS, AS CERTIFIED BY THE LMB, MAY ALSO BE CONVERTED INTO A COMPONENT CITY IF IT HAS A LOCALLY GENERATED AVERAGE ANNUAL INCOME, AS CERTIFIED BY THE DEPARTMENT OF FINANCE, OF AT LEAST TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00) FOR THE LAST TWO (2) CONSECUTIVE YEARS BASED ON THE [2000] 2012 CONSTANT PRICES: PROVIDED, THAT THREE (3) YEARS AFTER THE EFFECTIVITY OF THIS ACT, AND EVERY THREE (3) YEARS THEREAFTER, THE THRESHOLD AMOUNT OF TWO HUNDRED FIFTY MILLION PESOS (P250,000,000.00) SHALL BE INCREASED BY FIVE PERCENT (5%).

(b) The territorial jurisdiction of a newly-created city shall be properly identified by metes and bounds. The requirement on land area shall not apply where the city proposed to be created is composed of one (1) or more islands. The territory need not be contiguous if it comprises two (2) or more islands.

(c) The average annual income shall include the income accruing to the general fund, exclusive of specific funds, transfers, and non-recurring income.

SEC. 2. All laws, decrees, executive orders, rules and regulations which are inconsistent with this Act, are hereby repealed, amended or modified accordingly.

SEC. 3. This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,