

DENR Memorandum Circular

No. 13

February 22, 1993

**SUBJECT : Share of Local Government Units (LGUs)
from the Utilization and Development of
Forest Resources within their Area of
Jurisdiction.**

1. In order to effectively and efficiently implement the provisions of Republic Act No. 7160, otherwise known as the Local Government Code, particularly on the remittances of the Share of Local Government Units (LGUs), quoted hereunder are pertinent provisions of the rules and regulations implementing the said Code, to wit:

"ART. 386. Share in the Proceeds from the Development and Utilization of the National Wealth. -

- (a) LGUs shall have an equitable share in the proceeds derived from the utilization and development of the national wealth within their respective areas, including sharing the same with the inhabitant by way of direct benefits.
- (b) The term national wealth shall mean all natural resources situated within the Philippine territorial jurisdiction including lands of public domain waters, minerals, coal, petroleum, mineral oils, potential energy forces, gas and oil deposits, forest products, wildlife, flora and fauna, fishery and aquatic resources, and all quarry products.

"ART. 387. Amount of Share of Local Government Units. -

- (1) Mining taxes, royalties, forestry and fishery charges, and such other taxes, fees, or charges, including related surcharges, interests, or fines and from its share in any co-production, joint venture or production sharing agreement in the utilization and development of the national wealth within their territorial jurisdiction.
- (2) Administrative charges enumerated herein accruing to the National Government whether collected by the National Government collecting agencies or, in certain cases, by LGUs.
- (3) Proceeds from the development and utilization of national wealth where the LGU actually collects and automatically retains its share of at least

forty percent (40%) of such proceeds shall not form part of the revenue base in the computation of the forty percent (40%) share.

"ART. 388. Share of the Local Government Units from Any Government-Owned or Controlled Corporations. - LGUs shall have a share based on the preceding fiscal year from the proceeds derived by any NGA or GOCC engaged in the utilization and development of the national wealth based on the following formula whichever will produce a higher share for the LGU.

- (a) One percent (1%) of the gross sales or receipts of the preceding calendar year, or
- (b) Forty percent (40%) of the mining taxes, royalties, forestry and fishery charges and such other taxes, fees or charges, including related surcharges, interests, or fines the NGA or GOCC would have paid if it were not otherwise exempt.

"ART. 389. Allocation of Shares. - The share in the immediately preceding Article shall be distributed in the following manner.

- (a) Where the natural resources are located in the province:

Province	-	Twenty percent (20%);
Component City or Municipality	-	Forty-five percent (45%);
		and
Barangay	-	Thirty-five (35%)

provided that where the natural resources are located in two (2) or more provinces, or in two (2) or more component cities or municipalities or in two (2) or more barangays, their respective shares shall be computed of the basis of:

Population	Seventy percent (70%); and
Land Area	Thirty percent (30%).

- (b) Where the natural resources are located in a highly-urbanized or independent component city:

City	-	Sixty-five percent (65%); and
Barangay	-	Thirty-five percent (35%)

provided that where the natural resources are located in such two (2) or more cities, the allocation of shares shall be based on the formula of population and land area as specified in paragraph (a) hereof.

"ART. 390. Computation and Remittance of the Shares of Local Government Units. - The computation and remittance of the shares of LGUs shall be in accordance with the following procedures;

- (a) The computation of the forty percent (40%) share of each LGU in the proceeds from the development and utilization of the national wealth from the preceding years, indicating the corresponding share of each province, city, municipality, and barangay where the national wealth is being developed and/or utilized, shall be submitted by the revenue collecting agencies to DBM not later than the fifteenth (15th) of March of each ensuing year.
- (b) The allotment representing the share of each LGU shall be released without need of any further action, directly to the provincial, city, municipal, or barangay treasurers, as the case may be, on a quarterly basis within five (5) days after the end of each quarter, and which shall not be subject to any lien or holdback that may be imposed by the National Government.
- (c) Share of LGUs from the proceeds derived by any NGA or GOCC engaged in the utilization and development of national wealth shall be directly remitted by such agency or corporation to the provincial, city, municipal, or barangay treasurer concerned within five (5) days after the end of each quarter. Within three (3) days from the date of remittance, the agency or corporation concerned shall furnish the Treasurer of the Philippines with a copy of the remittance advice.

"ART. 391. Development and Livelihood Projects. -

The proceeds from the share of LGUs referred to in Article 386 of this Rule shall be appropriated by their respective sanggunian to finance local development and livelihood projects provided that at least eighty percent (80%) of the proceeds derived from the development and utilization of hydrothermal, geothermal, and other sources of energy shall be applied solely to lower the cost of electricity in the LGU where such source of energy is located.

"ART. 392. Monitoring of Implementation. - The DILG, in coordination with DOF and in actual consultation with the leagues of LGUs, shall monitor the proper implementation of Part Two of this Rule."

2. For purposes of effectively implementing ART. 390, the PENROs shall handle the computation and remittance of the shares of municipalities, cities and barangays within the province which shall be done in consultation with their CENROs.

3. The DENR Central Office, particularly, the Office of Financial Management Service, DENR and Forest Economics Division, FMB shall monitor the proper implementation of this circular.

Please be guided accordingly.

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Secretary