


FIFTEENTH CONGRESS OF THE  
REPUBLIC OF THE PHILIPPINES  
First Regular Session

SENATE  
OFFICE OF THE SECRETARY

10 JUL 12 P2:10

SENATE

Senate Bill No. **1236**

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**INTRODUCED BY SEN. MANNY VILLAR**

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**EXPLANATORY NOTE**

The proposed bill is submitted seeking to further institutionalize local autonomy by strengthening the fiscal autonomy of local government units (LGUs). One of the means to accomplish this is by giving LGUs greater leeway in the choice of their depository bank.

National government agencies have interpreted differently the preference over government-owned banks as depository bank. The Department of Budget and Management has interpreted the provision to mean that a local government unit shall choose only one depository bank, the Land Bank of the Philippines, within its area of jurisdiction.

On the other hand, the Commission on Audit ruled that any bank may accept deposits of local government notwithstanding the presence of government-owned banks within the locality provided said bank is authorized by the Monetary Board of the *Bangko Sentral ng Pilipinas* and prior authority is given by the *sanggunian* and local chief executive concerned.

In view of the foregoing, approval of this bill is earnestly requested.

  
**MANNY VILLAR**

10 JUL 12 P2:10

SENATE

Senate Bill No. **1236**

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INTRODUCED BY SEN. MANNY VILLAR

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**AN ACT**  
**PROVIDING FOR GREATER FISCAL AUTONOMY IN FAVOR OF LOCAL**  
**GOVERNMENT UNITS (LGUs) IN THE CHOICE OF DEPOSITORY BANKS,**  
**AMENDING SECTION 311 OF REPUBLIC ACT NO. 7160, OTHERWISE KNOWN AS**  
**THE LOCAL GOVERNMENT CODE OF 1991**

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

**SECTION 1.** Section 311 is hereby amended by adding a new paragraph to read as follows;

Sec. 311. Depository Accounts - Local treasurers shall maintain depository accounts in the name of their respective local government units with banks DULY AUTHORIZED BY THE BANGKO SENTRAL NG PILIPINAS [, preferably government-owned,] located in or nearest their respective areas of jurisdiction. Earnings of each depository account shall accrue exclusively thereto.

**SEC. 2.** All laws, executive orders, presidential decrees, rules and regulations or parts thereof of which are inconsistent with any of the provisions of this Act are hereby repealed.

**SEC. 3.** This Act shall take effect on the seventh day after its publication in at least two (2) daily newspapers of general circulation.

Approved,