



REPUBLIC OF THE PHILIPPINES  
DEPARTMENT OF BUDGET AND MANAGEMENT  
MALACAÑANG, MANILA

LOCAL BUDGET MEMORANDUM

No. 69  
Date: February 18, 2015

TO : Local Chief Executives, Members of the Local Sanggunian, Local Finance Committees, Local Budget Officers, Local Treasurers and All Others Concerned

SUBJECT : **Guidelines and Procedures in the Release and Utilization of the Share of Provinces from the CY 2012 Collection of Burley and Native Tobacco Excise Tax Pursuant to Republic Act (RA) No. 8240, as Amended, and Share of Provinces, Cities and Municipalities from the CY 2012 Excise Tax on Locally Manufactured Virginia-Type Cigarettes under RA No. 7171, Chargeable Against the Allocation to Local Government Units (ALGU) Under the FY 2014 General Appropriations Act (GAA), RA No. 10633, Continuing Appropriations**

1.0 BACKGROUND

The existing guidelines in the release and utilization of the share of local government units (LGUs) from tobacco excise tax allocate these shares as follows: (i) 30% to the provinces; 40% to the cities and municipalities; and 30% to the congressional districts with respect to excise taxes from locally manufactured Virginia-type cigarettes under RA No. 7171; and (ii) 10% to the provinces; 10% to the cities and municipalities; and 80% to the congressional districts with respect to excise taxes from Burley and Native tobacco under RA No. 8240, as amended.

However, in view of the Supreme Court Decision in *Greco Antonious Beda B. Belgica et al., vs. Honorable Paquito N. Ochoa, Jr., et al.*, (G.R. Nos. 208566, 208493, 209251, November 19, 2013), any form of post-enactment intervention by legislators in the implementation of the budget, except in the exercise of their oversight function, the existing procedures requiring legislative consultation, or identification of programs and projects by legislators prior to the release of the congressional district share has already been deemed unconstitutional and thus, prohibited.

Pending the issuance of comprehensive guidelines consistent with the foregoing SC Decision and RA Nos. 7171 and 8240, as amended to cover the release of the full share of LGUs from the two types of tobacco excise tax, these guidelines shall cover only the release and utilization of the 10% share of provinces from the CY 2012 collection of Burley and native tobacco excise tax pursuant to RA No. 8240, as amended, and 30% share of provinces and 40% share of cities and municipalities from the CY 2012 excise tax on locally manufactured Virginia-type cigarettes under RA No. 7171.

## 2.0 PURPOSE

- 2.1 To prescribe the guidelines and procedures in the release and utilization of the 10% share of provinces from the CY 2012 collection of Burley and native tobacco excise tax pursuant to RA No. 8240, as amended, and 30% share of provinces and 40% share of cities and municipalities from the CY 2012 excise tax on locally manufactured Virginia-type cigarettes under RA No. 7171, and emphasize the posting and reporting requirements to enhance transparency and accountability; and
- 2.2 To inform the beneficiary LGUs of their respective share.

## 3.0 GENERAL GUIDELINES

- 3.1 The individual share of the beneficiary LGUs are indicated in the following attachments:
  - 3.1.1 Annex A - Share of Provinces, Cities and Municipalities from the CY 2012 Excise Tax on Locally Manufactured Virginia-Type Cigarettes under RA No. 7171; and
  - 3.1.2 Annex B - Share of Provinces from the CY 2012 Collection of Burley and Native Tobacco Excise Tax under RA No. 8240, as Amended
- 3.2 Consistent with the amounts indicated per item 3.1 hereof, the beneficiary LGUs shall submit to the DBM Regional Office (RO) concerned, a list of programs and projects to be implemented, supported by the following: (i) approved sanggunian ordinance or resolution; (ii) mechanism and period of implementation; and (iii) projected and estimated number of beneficiaries.
- 3.3 In the preparation and submission of the above-mentioned pertinent requirements, the following procedures shall be observed:
  - 3.3.1 The recipient LGUs shall ensure that the programs and projects to be implemented are included in the approved Annual Investment Program.
  - 3.3.2 In the implementation of projects undertaken by cooperatives, the recipient LGUs shall ensure that the following documentation requirements are complied with by said cooperatives:
    - 3.3.2.1 Copy of Certificate of Registration from the Securities and Exchange Commission; and
    - 3.3.2.2 Copy of Certificate of Accreditation from the Cooperative Development Authority.
- 3.4 The Special Allotment Release Orders and Notices of Cash Allocation covering the share of beneficiary LGUs shall be comprehensively released by the DBM RO concerned upon issuance of this Memorandum. The corresponding Authorities to Debit Account and Notices of Authority to Debit Account Issued shall be released by the same ROs upon receipt of the LGUs' submission of the list of programs and projects together with the necessary supporting documents

per items 3.2 and 3.3, subject to cash programming, budgeting, accounting and auditing and other applicable laws, rules, and regulations.

3.5 The fund shall be treated as trust by the beneficiary LGUs.

#### 4.0 USES OF THE FUND

4.1 Share of Provinces, Cities and Municipalities from the Collection of Excise Tax on Locally Manufactured Virginia-Type Cigarettes under RA No. 7171

The fund shall be utilized to advance the self-reliance of the tobacco farmers through:

4.1.1 Cooperative projects that will enhance better quality of products, increase productivity, guarantee the market and as a whole increase farmers' income;

4.1.2 Livelihood projects particularly the development of alternative farming system to enhance farmers' income;

4.1.3 Agro-industrial projects that will enable tobacco farmers in the Virginia tobacco-producing provinces to be involved in the management and subsequent ownership of these project such as post-harvest and secondary processing like cigarette manufacturing and by-product utilization; and

4.1.4 Infrastructure projects such as farm-to-market roads.

4.2 Share of Provinces from the Collection of Burley and Native Tobacco Excise Tax Pursuant to RA No. 8240, as Amended

The fund shall be exclusively utilized for programs in pursuit of the following objectives:

4.2.1 Programs that will provide inputs, training, and other support for tobacco farmers who shift to production of agricultural products other than tobacco including, but not limited to, high-value crops, spices, rice, corn, sugarcane, coconut, livestock and fisheries;

4.2.2 Programs that will provide financial support for tobacco farmers who are displaced or who cease to produce tobacco;

4.2.3 Cooperative programs to assist tobacco farmers in planting alternative crops or implementing other livelihood projects;

4.2.4 Livelihood programs and projects that will promote, enhance, and develop the tourism potential of tobacco-growing provinces;

4.2.5 Infrastructure projects such as farm to market roads, schools, hospitals, and rural health facilities; and

- 4.2.6 Agro-industrial projects that will enable tobacco farmers to be involved in the management and subsequent ownership of projects, such as post-harvest and secondary processing like cigarette manufacturing and by-product utilization.

## 5.0 POSTING/REPORTING REQUIREMENT

- 5.1 The recipient LGUs shall prepare reports on fund utilization and the status of projects/accomplishments, and these reports shall be posted in the LGUs' websites and in at least three (3) conspicuous public places in the locality for transparency and accountability, and in compliance with the pertinent provisions of RA No. 7160 (The Local Government Code of 1991) and Full Disclosure Policy of the Department of the Interior and Local Government.
- 5.2 Likewise, the recipient LGUs shall comply with the posting requirements prescribed under RA No. 9184.

## 6.0 RESPONSIBILITY AND ACCOUNTABILITY

The responsibility and accountability in the implementation of programs and projects and proper utilization and disbursement of the LGU share rest with the local chief executive and other local officials concerned. It is also the responsibility of the said local officials to ensure that the LGU share is utilized strictly in accordance with applicable budgeting, accounting, and auditing rules and regulations, and pertinent provisions of RA No. 9184 (The Government Procurement Reform Act).

## 7.0 EFFECTIVITY

This Memorandum shall take effect immediately.

**FLORENCIO B. ABAD**  
Secretary



Share of Provinces, Cities and Municipalities from the CY 2012 Excise Tax on Locally  
 Manufactured Virginia - Type Cigarette under RA No. 7171, Chargeable Against the FY 2014 GAA,  
 RA No. 10633, Continuing Appropriations

LGU	Volume of Production	Percentage Share	LGU Share
1. Abra	5,200,727.70	12.85559321%	432,631,219.00
2. Ilocos Norte	6,378,084.30	15.76588161%	530,571,595.00
3. Ilocos Sur	23,241,958.60	57.45141495%	1,933,421,142.00
4. La Union	5,634,209.70	13.92711023%	468,691,144.00
<b>GRAND TOTAL</b>	<b>40,454,980.30</b>	<b>100.00%</b>	<b>3,365,315,100</b>

Share of Provinces, Cities and Municipalities from the CY 2012 Excise Tax on Locally Manufactured Virginia - Type Cigarette under RA No. 7171, Chargeable Against the FY 2014 GAA, RA No. 10633, Continuing Appropriations

LGU	Volume of Production	Percentage Share	LGU Share
<b>Province</b>			
Abra			185,413,380
<b>Municipalities</b>			
1. Bangued	255,437.50	4.91157228%	10,649,249
2. Bolney			4,578,108
3. Bucay	13,065.00	0.25121484%	4,888,632
4. Bucloc			4,578,108
5. Daguioman			4,578,108
6. Danglas	591.50	0.01137341%	4,592,167
7. Dolores	46,317.00	0.89058691%	5,678,953
8. La Paz			4,578,108
9. Lacub			4,578,108
10. Lagangilang			4,578,108
11. Langiden			4,578,108
12. Langayan			4,578,108
13. Licuan - Baay			4,578,108
14. Luba	347,642.40	6.68449533%	12,840,740
15. Malibcong			4,578,108
16. Manabo	1,880.50	0.03615840%	4,622,803
17. Penarubbia	108,224.50	2.08094917%	7,150,347
18. Pidigan	397,701.50	7.64703563%	14,030,526
19. Pilar	1,747,112.40	33.59361422%	46,102,811
20. Sal-lapadan	4,112.50	0.07907547%	4,675,852
21. San Isidro	746,510.50	14.35396243%	22,320,886
22. San Juan	93,121.50	1.79054750%	6,791,384
23. San Quintin	91,465.00	1.75869619%	6,752,013
24. Tayum	368,642.00	7.08827728%	13,339,852
25. Tineg			4,578,109
26. Tubo	43,792.10	0.84203793%	5,618,943
27. Villaviciosa	935,111.80	17.98040301%	26,803,492
Total Lone District	5,200,727.70	100.00%	247,217,839.00
<b>TOTAL, ABRA</b>	<b>5,200,727.70</b>	<b>100.00%</b>	<b>432,631,219</b>

Share of Provinces, Cities and Municipalities from the CY 2012 Excise Tax on Locally  
Manufactured Virginia - Type Cigarette under RA No. 7171, Chargeable Against the FY 2014 GAA,  
RA No. 10633, Continuing Appropriations

LGU	Volume of Production	Percentage Share	LGU Share
<b>Province</b>			
Ilocos Norte	6,378,084.30		227,387,826
<b>Municipalities</b>			
1st District			
1. Adams			6,590,951
2. Bacarra			6,590,951
3. Bangui			6,590,951
4. Burgos			6,590,951
5. Carasi			6,590,951
6. Dumalneg			6,590,951
7. Pagudpud			6,590,951
8. Pasuquin			6,590,952
9. Piddig	187,113.50	2.93369437%	6,590,952
10. Sarrat	133,395.00	2.09145872%	11,038,195
11. Vintar	169,367.00	2.65545252%	9,761,434
12. Laoag City			10,616,402
Total 1st District	489,875.50	7.68060560%	6,590,952
2nd District			90,734,593
13. Badoc	1,110,259.50	17.40741338%	32,979,177
14. Batac City	1,675,814.60	26.27457589%	46,421,076
15. Banna (Espiritu)	457,704.00	7.17619866%	17,469,486
16. Currimao	296,168.50	4.64353380%	13,630,171
17. Dingras	175,783.90	2.75606110%	10,768,916
18. Marcos	394,483.00	6.18497626%	15,966,873
19. Nueva Era	166,844.50	2.61590302%	10,556,449
20. Paoay	39,630.50	0.62135428%	7,532,875
21. Pinili	1,513,189.80	23.72483224%	42,555,872
22. San Nicolas	58,330.50	0.91454577%	7,977,329
23. Solsona			6,590,952
Total 2nd District	5,888,208.80	92.31939440%	212,449,176
<b>TOTAL, ILOCOS NORTE</b>	<b>6,378,084.30</b>	<b>100.00%</b>	<b>530,571,595</b>

Share of Provinces, Cities and Municipalities from the CY 2012 Excise Tax on Locally  
Manufactured Virginia - Type Cigarette under RA No. 7171, Chargeable Against the FY 2014 GAA,  
RA No. 10633, Continuing Appropriations

LGU	Volume of Production	Percentage Share	LGU Share
<b>Province</b>			
Ilocos Sur	23,241,958.60		828,609,061
<b>Municipalities</b>			
<b>1st District</b>			
1. Bantay			16,247,236
2. Cabugao	2,123,016.60	9.13441348%	66,706,288
3. Caoayan			16,247,236
4. Magsingal	1,049,840.20	4.51700400%	41,199,439
5. San Ildefonso	133,146.50	0.57287126%	19,411,811
6. San Juan	1,542,628.50	6.63725690%	52,911,844
7. San Vicente			16,247,237
8. Santa Catalina			16,247,237
9. Sto. Domingo	105,799.50	0.45520905%	18,761,839
10. Sinait	1,210,418.00	5.20790016%	45,015,993
11. Vigan City			16,247,237
<b>Total 1st District</b>	<b>6,164,849.30</b>	<b>26.52465485%</b>	<b>325,243,397</b>
<b>2nd District</b>			
12. Alilem	69,077.20	0.29720903%	17,889,037
13. Banayoyo	962,729.50	4.14220469%	39,129,025
14. Burgos	1,108,615.40	4.76988802%	42,596,386
15. Candon City	2,294,037.20	9.87024045%	70,771,040
16. Cervantes	19,828.00	0.08531123%	16,718,500
17. G. del Pilar	521,210.30	2.24254035%	28,635,164
18. Galimuyod	635,692.00	2.73510512%	31,356,122
19. Lidlidda	370,088.60	1.59232966%	25,043,361
20. Nagbukel	563,367.00	2.42392222%	29,637,129
21. Narvacan	1,704,026.80	7.33168331%	56,747,897
22. Quirino	236,932.90	1.01941882%	21,878,567
23. Salcedo	967,127.10	4.16112565%	39,233,545
24. San Emilio	854,364.40	3.67595698%	36,553,445
25. San Esteban	573,304.50	2.46667895%	29,873,321
26. Santiago	1,439,847.20	6.19503384%	50,468,978
27. Sigay	478,776.40	2.05996581%	27,626,613
28. Sta. Cruz	1,847,236.70	7.94785298%	60,151,657
29. Sta. Lucia	1,124,981.70	4.84030507%	42,985,375
30. Sta. Maria	1,160,480.70	4.99304177%	43,829,101
31. Sugpon	475.00	0.00204372%	16,258,527
32. Suyo	20,359.80	0.08759933%	16,731,142
33. Tagudin	124,550.90	0.53588814%	19,207,515
34. Santa			16,247,237
<b>Total 2nd District</b>	<b>17,077,109.30</b>	<b>73.47534515%</b>	<b>779,568,684</b>
<b>TOTAL, ILOCOS SUR</b>	<b>23,241,958.60</b>	<b>100.00%</b>	<b>1,933,421,142</b>

Share of Provinces, Cities and Municipalities from the CY 2012 Excise Tax on Locally Manufactured Virginia - Type Cigarette under RA No. 7171, Chargeable Against the FY 2014 GAA, RA No. 10633, Continuing Appropriations

LGU	Volume of Production	Percentage Share	LGU Share
<b>Province</b>			
La Union	5,634,209.70		200,867,633
<b>Municipalities</b>			
<b>1st District</b>			
1. Bacnotan	495,610.20	8.79644576%	18,475,063
2. Balaoan	2,013,998.62	35.74589387%	54,563,542
3. Bangar	485,145.60	8.61071252%	18,226,344
4. Luna	11,714.90	0.20792446%	6,974,023
5. San Fernando City	307,529.52	5.45825478%	14,004,833
6. San Gabriel			6,695,588
7. San Juan	522,213.04	9.26861206%	19,107,349
8. Santol	215,905.89	3.83205279%	11,827,156
9. Sudipen	573,242.97	10.17432791%	20,320,208
<b>Total 1st District</b>	<b>4,625,360.74</b>	<b>82.09422415%</b>	<b>170,194,106</b>
<b>2nd District</b>			
10. Agoo	400,763.26	7.11303415%	16,220,777
11. Aringay	156,742.80	2.78198378%	10,420,991
12. Bagulin			6,695,588
13. Bauang	104,519.50	1.85508715%	9,179,768
14. Burgos			6,695,588
15. Caba	145,923.00	2.58994620%	10,163,831
16. Naguilian	200,900.40	3.56572458%	11,470,512
17. Pugo			6,695,588
18. Rosario			6,695,588
19. Santo Tomas			6,695,587
20. Tubao			6,695,587
<b>Total 2nd District</b>	<b>1,008,848.96</b>	<b>17.90577585%</b>	<b>97,629,405</b>
<b>TOTAL, LA UNION</b>	<b>5,634,209.70</b>	<b>100.00%</b>	<b>468,691,144</b>

Share of Provinces from the CY 2012 Collection of Burley and Native Tobacco Excise Tax under RA No. 8240, Chargeable Against the FY 2014 GAA, RA No. 10633, Continuing Appropriations

LGU	Volume of Production	Percentage Share	Provincial Share
1. Abra	105,038.00	0.43238554%	359,918.00
2. Kalinga	7,782.00	0.03203435%	26,665.00
3. Mt. Province	5,269.00	0.02168967%	18,054.00
4. Ilocos Norte	713,130.00	2.93557664%	2,443,580.00
5. Ilocos Sur	2,122,546.70	8.73739502%	7,273,025.00
6. La Union	2,223,263.50	9.15199248%	7,618,137.00
7. Pangasinan	3,904,599.80	16.07315912%	13,379,330.00
8. Cagayan	2,820,019.00	11.60851724%	9,662,953.00
9. Isabela	10,010,167.00	41.20652953%	34,300,398.00
10. Nueva Viscaya	88,115.00	0.36272255%	301,931.00
11. Quirino	1,340.00	0.00551607%	4,592.00
12. Tarlac	366,271.30	1.50774399%	1,255,049.00
13. Occidental Mindoro	1,454,300.40	5.98658068%	4,983,242.00
14. Misamis Oriental	246,064.29	1.01291571%	843,153.00
15. Maguindanao	128,170.00	0.52760767%	439,182.00
16. North Cotabato	96,595.86	0.39763374%	330,991.00
<b>TOTAL</b>	<b>24,292,671.85</b>	<b>100.00%</b>	<b>83,240,200.00</b>