



July 2019 - June 2022

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LPP SPECIAL MEETING RESOLUTION NO. 2020-011

REQUESTING THE BANGKO SENTRAL NG PILIPINAS (BSP) TO PUT A CAP ON THE INTEREST RATE OF NOT MORE THAN ONE AND A HALF PERCENT (1.5%) FOR LGUS' LOANS FROM GOVERNMENT-ACCREDITED BANKS AND GOVERNMENT FINANCIAL INSTITUTIONS (GFIS), EXTEND ITS LOAN REPAYMENT PERIOD TO AT LEAST TEN (10) YEARS, AND GRANT A THREE-YEAR MORATORIUM PERIOD WHEREIN THE INITIAL SHALL COMMENCE IN FY 2022, IN VIEW OF THE COVID-19 CRISIS

WHEREAS, the Philippines was declared under a State of Public Health Emergency through Proclamation No. 922 arising from the threat of the Coronavirus Disease (COVID-19) and subsequently, Proclamation No. 929 declared a State of Calamity throughout the country for a period of six (6) months, which was the basis for the passage of R.A. No. 11469 otherwise known as the '*Bayanihan To Heal As One Act*';

WHEREAS, local government units (LGUs) have pending loans with banks and financial institutions that need restructuring in view of this Covid-19 crisis, and the league has urged the Banko Sentral ng Pilipinas (BSP) to mandate banks to allow this loan restructuring of debtors to extend its term of payment and a three-year moratorium or resume payment by 2022 without incurring the related penalties, surcharges and fees under LPP Special Resolution No. 2020-010;

WHEREAS, the national government will be implementing the Supreme Court decision on the Mandanas v. Ochoa and Garcia v. Ochoa in G.R. Nos. 199802 and 208488, respectively, on the rightful computation of the LGUs' national tax allotment (NTA) or just share in national taxes by FY 2022;

WHEREAS, LGUs may also require the availment of new loans from banks and financial institutions to augment their depleted resources in order to effectively respond to this crisis and provide the necessary basic services for their constituents as well as for their local business, agriculture, fisheries, and economic sector to be able to adopt to the "new norm" to be established by the national government;

WHEREAS, such new loans of LGUs that are to be backed up by the assignment of their respective Internal Revenue Allotment (IRA) as collateral for its payment up to the extent of the loanable amount, or where the banks and GFIs shall have been given the authority by the LGU to automatically debit their account for the maturing principal and interest amortizations will actually have a


very minimal risk if not a zero liability for the banks and GFIs since the fund source for the repayment of the same is guaranteed by the national government, the IRA (hereinafter referred to as National Tax Allotment or NTA) being automatically released to the LGUs pursuant to Section 6, Article X of the 1987 Constitution and Sec. 284 of R.A. 7160, otherwise known as the 1991 Local government Code of the Philippines, as modified by the Supreme Court decision in G.R. Nos. 199802 and 208488 which had attained finality on June 10, 2019;

NOW, THEREFORE, BE IT RESOLVED, as it is hereby resolved, that the League requests the Bangko Sentral ng Pilipinas (BSP) to put a cap on the interest rate of not more than one and a half percent (1.5%) for LGUs' loans from Government-accredited Banks and Government Financial Institutions (GFIs), extend its loan repayment period to at least ten (10) years, and grant a three-year moratorium period wherein the initial shall commence in FY 2022, in view of the Covid-19 crisis.

RESOLVED FURTHER, to furnish the BSP, the Office of the President, the Departments of Budget and Management (DBM), Finance (DOF), and the Interior and Local Government (DILG), and the IATF, a copy of this resolution for their appropriate action.

DONE this 28th Day of April 2020 during the Special Meeting of the League of Provinces of the Philippines held online.

Certified true and correct:



GOV. NELSON L. DAYANGHIRANG
Secretary-General

Attested by:



GOV. PRESBITERO V. VELASCO, JR.
National President



GOV. DAKILA CARLO E. CUA
National Chairman