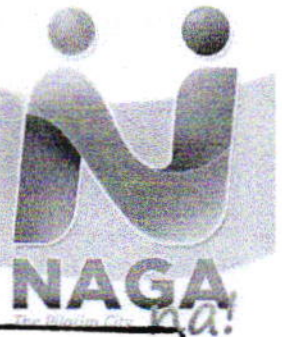




Republic of the Philippines
Office of the City Mayor
 City of Naga, 4400



October 16, 2023

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TANSEAPAN NG SANGGUNIANG PANLUNGSOD NG NAGA	
Date:	OCT 16 2023
Time:	9:45 pm
By:	

Honorable Members
 Sangguniang Panlungsod
 Naga City

Thru : **Hon. CECILIA VELUS DE ASIS**
 City Vice Mayor and Presiding Officer

Ladies and Gentlemen:

I am submitting the proposed budget for 2024 in the amount of P1,635,574,882.00, an increase of 8.89% compared to our current year's budget of P1,502,108,503.00 or a modest hike of P133,466,379.00. This proposed budget will sustain the implementation of our prioritized programs, projects and activities as contained in our 2024 Annual Investment Program in pursuit of our vision outlined in the Naga City Comprehensive Development Plan.

Funding the Budget

Our income estimate for 2024 reflects our robust recovery from the pandemic with local collections projected to increase by 9.89% next year. Business taxes are expected to show the highest increase of 10.60% as well as make up over half of all local revenues next year, i.e., of the P517,373,800.00 in locally generated income, P327,910,750.00 will come from business and business-related taxes. This reflects the trust and confidence of the business sector in the direction our urban development is taking resulting in investments in new ventures and expansion and diversification of existing ones.

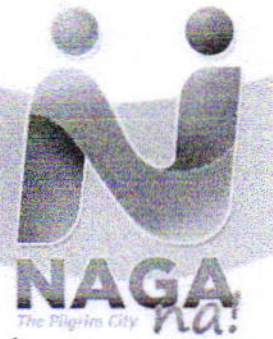
Real property tax, on the other hand, is projected to rise by 7.62% from P105.00 million to P113.00 million as we anticipate increased collections from property developments commenced in recent years and the improvements introduced on existing assets this year.

Indeed, our income from these two major revenue sources—business and real property taxes—is projected to overtake our 2019 pre-pandemic collection from the same sources signalling our transition from merely regaining back what we lost from Covid-19 in terms of jobs and income to generating even more opportunities for economic growth for business and entrepreneurs, and more jobs and income for our people. All other key markers of local income sources, including almost all of our local economic enterprises, show the same positive trajectory indicating to everyone that indeed, we have been, and is, on the right track to a progressive and competitive city

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Notwithstanding a strengthening of our local revenue base, as a percentage of total income, National Tax Allocation (NTA) remains a major source of our entire budget. Next year, our projected NTA dependency is 56.06%. This is true for most local governments following the landmark Mandanas ruling of the Supreme Court which dramatically raised their share of national taxes. In absolute terms however, we have yet to get back the P 1,013,666,596.00 NTA windfall we received in 2022, the initial year of implementation of the Mandanas ruling, as the NTA immediately sank to P866,990,040.00 this year owing to the dismal national collections in 2020 (the reference year for the 2023 NTA). Our NTA next year is equally tepid at just P916,899,982.00 exhibiting barely a 6% improvement over the current year, again the result of the nationwide economic doldrum in 2021, the reference year. We may have to wait until 2025 or even 2026 to see our NTA breaking the billion-peso mark again. Thus, bolstering local collections remains critical for the next fiscal years.

A comparative summary of our projected income for 2023 and 2024 is presented below:

Projected Income: 2023 - 2024

	2019 Actual	2023 Estimate	2024 Estimate	Increase	% Increase	% of Total
A. LOCAL SOURCES (EXCLUDING LEES)	503,529,117.19	470,820,202.00	517,373,800.00	46,553,598.00	9.89%	31.63%
1 Real Property Tax	95,329,860.06	105,000,000.00	113,000,000.00	8,000,000.00	7.62%	6.91%
2 Business Tax	280,409,257.30	275,000,000.00	304,150,750.00	29,150,750.00	10.60%	18.60%
3 Other Business Taxes	41,468,874.14	24,200,000.00	23,760,000.00	- 440,000.00	-1.82%	1.45%
4 Regulatory Fees	68,440,873.81	58,982,202.00	68,778,050.00	9,795,848.00	16.61%	4.21%
5 Other Local Income	17,880,251.88	7,638,000.00	7,685,000.00	47,000.00	0.62%	0.47%
B. EXTERNAL SOURCES	620,470,737.52	875,490,040.00	925,400,982.00	49,910,942.00	5.70%	56.58%
1 National Tax Allocation	616,645,320.00	866,990,040.00	916,899,982.00	49,909,942.00	5.76%	56.06%
2 Share from PagCor, Ecozone, Grants	3,825,417.52	8,500,000.00	8,501,000.00	1,000.00	0.01%	0.52%
C. LOCAL ECONOMIC ENTERPRISES	141,444,237.41	155,798,261.00	192,800,100.00	37,001,839.00	23.75%	11.79%
1 Market Enterprise Promotion Office	63,525,319.69	55,000,000.00	57,500,100.00	2,500,100.00	4.55%	3.52%
2 Naga City District Abattoir	18,094,345.10	15,000,000.00	18,000,000.00	3,000,000.00	20.00%	1.10%
3 Bicol Central Station	47,075,602.10	53,601,680.00	45,000,000.00	- 8,601,680.00	-16.05%	2.75%
4 Naga City General Hospital	10,339,223.21	18,602,100.00	50,000,000.00	31,397,900.00	168.79%	3.06%
5 Our Lady of Lourdes Infirmary	508,274.00	1,500,000.00	2,300,000.00	800,000.00	53.33%	0.14%
6 City College of Naga	1,901,473.31	12,094,481.00	20,000,000.00	7,905,519.00	65.36%	1.22%
TOTAL	1,265,444,092.12	1,502,108,503.00	1,635,574,882.00	133,466,379.00	8.89%	100.00%

Let me close this discussion on budget financing by pointing out the conservative estimate of our bus terminal contrasted by the steep hike in the projected income of the Naga City Hospital, soon to metamorphose as the Naga City General Hospital. The terminal's conservative projection is due to the low recovery in the number of daily trip dispatches in practically all routes. Apparently, not all buses grounded during the pandemic have returned to ply their routes. The adverse impact of the economic downturn certainly depleted the coffers of transport operators resulting in some of their buses not being restored to road worthy condition or being unable to comply with franchise regulations. As for the optimistic forecast for the Naga City Hospital, this is due to a new approach we are adopting to boost its income. We are tapping the so-called Medical Assistance to Indigent Patients (MAIP) Program of the

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