

# A BILL

## FOR

AN ACT TO ALTER THE PROVISIONS OF THE CONSTITUTION OF THE FEDERAL REPUBLIC OF NIGERIA, 1999 TO GIVE LOCAL GOVERNMENT COUNCILS DIRECT CONTROL OVER THEIR FINANCES AND OTHER MATTERS RELATED THERETO

*Co-Sponsors:*

Senator Uche Ekwunife

Senator Ahmed Babba Kaita

[ ] Commencement

ENACTED by the National Assembly of the Federal Republic of Nigeria:

1           **1.** The Constitution of the Federal Republic of Nigeria, 1999 (in  
2 this Bill referred to as "the Principal Act") is altered as set out in this Bill.

Alteration of the  
Constitution of  
the Federal Republic  
of Nigeria

3           **2.** Section 162 of the Principal Act is altered by substituting the  
4 entire section 162 as set out below:

Substitution for  
Section 162

5           *"Distributable Pool Account:*

6           162. (1) The Federation shall maintain a special account to be  
7 called "the Federation Account" into which shall be paid all revenues  
8 collected by the Government of the Federation, except the proceeds from the  
9 personal income tax of the personnel of the armed forces of the Federation,  
10 the Nigeria Police, the Ministry or department of government charged with  
11 responsibility for Foreign Affairs and the residents of the Federal Capital  
12 Territory, Abuja.

13           (2) The Revenue Mobilisation Allocation and Fiscal Commission,  
14 shall table before the National Assembly proposals for revenue allocation  
15 from the Federation Account, and in determining the formula, the National  
16 Assembly shall take into account, the allocation principles especially those  
17 of population, equality of States, internal revenue generation, land mass,

1 terrain as well as population density:

2           Provided that the principle of derivation shall be constantly reflected  
3 in any approved formula as being not less than thirteen per cent of the revenue  
4 accruing to the Federation Account directly from any natural resources.

5           (3) Any amount standing to the credit of the Federation Account shall  
6 be distributed among the Federal and State Governments and the Local  
7 Government Councils in each State on such terms and in such manner as may  
8 be prescribed by the National Assembly.

9           (4) Notwithstanding the provisions of this Section, ten percent (10 of  
10 any amount paid into tire Federation Account shall be deducted and saved in a  
11 separate account prior to distribution to the respective levels of government  
12 and shall be held on such terms and conditions as may be prescribed by all Act  
13 of tire National Assembly.

14           (5) The amount standing in the Federation Account being savings  
15 shall not be distributed to the respective levers of government until at least five  
16 years from the date it was so saved.

17           (6) Any amount standing to the credit of the States and Local  
18 Government Councils in the Federation Account shall be distributed among  
19 the States and Local Government Councils on such terms and in. such manner  
20 as may be prescribed by an Act of the National Assembly.

21           (7) Each Local Government Council shall maintain a special account  
22 to be called "Local Government Council Allocation Account" into which shall  
23 be paid all allocations to the Local Government Council from the Federation  
24 Account and from tire Government of the State.

25           (8) Each State shall pay to Local Government Councils ill its area of  
26 jurisdiction such proportion of its internally generated (why not "total revenue"  
27 as used in constitution) revenue on such terms and in such manner as may be  
28 prescribed by the House of Assembly.

29           (9) The amount standing to tire credit of local government councils of  
30 a State shall be distributed among tire local government councils of that State

1 all such terms and in such manner as may be prescribed by the House of  
2 Assembly of tire State.

3 (10) Any amount standing to the credit of the judiciary in the  
4 Federation Account shall be paid directly to the National Judicial Council  
5 for disbursement to the heads of courts established for the Federation and the  
6 States under section 6 of this Constitution.

7 (11) For the purposes of subsection (1) of this section, "revenue"  
8 means any income or return accruing to or derived by the Government of the  
9 Federation from any source and includes:

10 (a) any receipt, however described, arising from the operation-of  
11 any law;

12 (b) any return, however described, arising from or in respect of any  
13 property held by the Government of the Federation;

14 (c) any return by way of interest on loans and dividends in respect  
15 of shares or interest held by the Government of the Federation in any  
16 company or statutory body.

17 **3.** This Bill may be cited as the Constitution of the Federal Citation  
18 Republic of Nigeria, 1999 (Alteration) Bill, 2020.

#### EXPLANATORY MEMORANDUM

This Bill seeks to alter the Constitution of the Federal Republic of Nigeria by giving Local Government Councils direct control over their finances by maintaining its own special account to be called Local Government Allocation Account into which all allocations due to the Local Government Council shall be directly paid from the Federation Account and from the Government of the State.