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REVENUE GENERATING PRACTICES ON MUNICIPAL LOCAL GOVERNMENT UNITS: A DUAL-CASE STUDY

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Abstract

This research focused on how two municipalities in Agusan del Sur - Talacogon and Sta. Josefa - manage their local income sources. Through interviews with government workers involved in revenue work, the study tried to understand what they do to raise funds and how they make those efforts sustainable. It paid attention to their rules, programs, tools, and the actual experiences they go through on the ground. The results pointed to four areas that matter most. First is their move to update outdated tax codes. Second is their use of town-owned markets and terminals to bring in earnings. Third is their shift to digital tools that help them keep better records and find gaps in collections. And last is their effort to keep going even when they deal with poor harvests, economic limits, or changes in leadership. It's clear that these towns, though far from urban centers, are trying to manage their own financial future. Instead of waiting for national help, both LGUs make do with what's around them. The study recommends small but steady steps: support local staff with training, improve systems one part at a time, and involve people more in decisions that affect taxes and public spending. Other towns in the same situation might find these approaches useful for building their own way forward.

Keywords: *Revenue Generation, Local Government Units (LGUs), Fiscal Administration, Public Governance, Case Study in Agusan del Sur*

Introduction

Raising enough revenue has always been one of the biggest responsibilities of local government units. Their ability to fund services and carry out development plans depends a lot on how well they can generate income. Bird (n.d.) pointed out that an LGU's financial health often hinges on its ability to collect taxes, charge fees, and secure support from outside sources. In the Philippines, Republic Act 7160, also called the Local Government Code of 1991, gives LGUs the authority to impose and collect taxes, fees, and other charges to sustain their operations (Manasan, 2018). These include property and business taxes, regulatory payments, and income from enterprises they own.

For any municipality, especially in provinces, generating local income isn't just about raising money, it's also about being able to run essential programs without always relying on national funds. A local government that manages its income well is in a better position to respond to the needs of its people.

Real property tax is one of the most common sources of local income. Other key ones are business taxes and community taxes. According to Eaton and colleagues (2014), these taxes make up a significant portion of LGU revenue. However, collecting them properly has been a long-standing issue. In the Philippines, many LGUs haven't updated their property assessments for years. As a result, they collect less than they should. Manasan (2018) raised this point clearly. He emphasized the need for stronger enforcement and better systems to support tax collection.

Taxes are not the only way LGUs earn. They also make money through fees and charges tied to permits, services, or the use of public facilities. Smoke (2013) mentioned that non-tax revenues allow LGUs to have more room to move financially. In the Philippine setting, local governments often operate public markets, bus terminals, and slaughterhouses. These are all sources of income that don't rely on taxation alone (Brillantes & Tiu Sonco, 2019). However, managing these local enterprises takes serious effort and discipline. When these operations are run well, they not only support the local economy but also help LGUs become less dependent on national subsidies.

Revenue generation is part of the LGU's fiscal administration and governance which endeavor to ensure efficient service provision and governance (Kim et al. 2022). This fiscal policy shift is of particular significance to the prosperous and economically stable in the municipalities in Agusan del Sur Province. Fifteen years into its implementation, now is an opportune time to assess how this landmark legislation has contributed to (or detracted from) the achievement of local autonomy with accountability (Manasan, 2020).

Some literatures on fiscal decentralization and local governance, with emphasis on revenue generating practices. Although previous research offers a comprehensive examination of the impacts of fiscal decentralization, it frequently disregards the intricate challenges faced by municipalities characterized by unique economic characteristics (Titic, 2023). Moreover, research conducted by academicians from around the world, illuminates worldwide patterns in fiscal decentralization and provides significant contributions to the field of comparative analysis (Digdowiseiso, 2022; Pasichnyi et al., 2019; Colombo & Martinez-Vazquez, 2020).

At the provincial scale, some LGUs from Agusan del Sur (ADS) have displayed remarkable disposition when it comes to revenue generation which resulted to 1st class classification in 2025 from being 5th class municipality wayback couple of decades ago. Talacogon is one of the thriving municipalities in the province of Agusan del Sur which is recently classified as first class due to its increasing generated revenue. Statistically, the LGU Talacogon has been appropriated with a budget of Php 206,445,932.00 in 2021 and has increased to Php 301,644,582.00 in 2025. Talacogon is authorized to exercise their power to create sources of income or revenue such as taxes, regulatory fees and charges subjected to the policy of local autonomy (Sec.129, LGC). Local autonomy on the other hand is defined as a stage or phase of choice implemented or applied by the LGU in relation to the national government (Reyes et al. 2015).

Sta Josefa, another progressive municipality in ADS which is also classified as 1st class due to its consistently impressive revenue generating performance. Historical data showed that Sta Josefa has been appropriated with resources amounting to Php 201,435,786.32 in 2021 and has reached to Php 300,123,435.98. Similar to Talacogon, the municipality of Sta Josefa is authorized to generate revenues from tazzes and regulatory fees. Further, revenues generated of both municipalities heavily relied on the taxes from its wide land resource.

Considering the remarkable revenue generating performances of the above-mentioned municipalities. Conducting a case study, the research seeks to provide insights into the financial management approaches of these local governments. Identifying successful practices and common obstacles can help in formulating recommendations for improving revenue collection and fiscal sustainability.

This study explores the experiences of the municipal key players on local revenue generation for the two municipal government units in the province of Agusan del Sur. This research will be conducted for the fiscal year 2025. Results of the study shall be utilized as the basis for policy recommendations.

Literature Review

The ability of local governments to raise their own funds plays a major role in how well they can function. It's not just about having enough money and it's also about being able to decide where it goes and how it's spent. Alm (2019) underscored the importance of property taxes in supporting local operations, though he also pointed out that problems with outdated assessments and weak collection systems often limit their full potential. This issue has long affected municipalities in the Philippines, where the Local Government Code of 1991 (Republic Act No. 7160) gives LGUs the authority to set and collect taxes, fees, and other charges (Philippine Congress, 1991). But even with this legal power, success depends on the readiness of local offices to enforce the law, the leadership's priorities, and how much the community gets involved.

Some scholars have explored how fiscal decentralization works in real terms. The Asian Development Bank (2014) looked at examples from the Philippines and other Asian countries, pointing out how local tools like taxes and service fees can help close gaps in service delivery. Two years later, the ADB returned to this topic and placed more weight on the need for efficient systems. Weak enforcement and outdated tax records, they said, keep many LGUs from collecting what is due. Bird (n.d.) added that old collection practices often fail to support growing needs, especially in developing economies. He urged governments to modernize their systems. In the same line of thinking, the World Bank (2020) encouraged the use of digital tools and GIS technology to better manage property taxes and monitor revenue flows.

The push for stronger local revenue efforts isn’t only a technical matter. It's also shaped by the broader setup of decentralization. Brillantes and Moscare (2002) argued that giving LGUs more power brought decision-making closer to the ground. But it also revealed a lot of weak spots like limited staffing, unclear responsibilities, and lack of follow-through. Their later study with Tiu Sonco (2019) observed that some places managed decentralization better than others. Political shifts and fragmented institutions were often to blame when local fiscal plans fell short. Capuno (2011) and Smoke (2013) added that what LGUs collect depends a lot on whether they have trained staff, enforce the rules well, and have leaders who prioritize good financial management. Kim, Kim, and Lee (2022), in a wider comparison across different countries, found that fiscal decentralization works best when roles are clearly laid out and local governments are held to performance standards.

Studies on fiscal decentralization offer insights into both the opportunities and limitations faced by LGUs. The Asian Development Bank (2014) detailed experiences from the Philippines and neighboring countries, highlighting the importance of local fiscal tools in bridging service delivery gaps. Their 2016 analysis also stressed the relevance of strengthening tax administration systems to reduce leakages and improve compliance. Bird (n.d.) further emphasized the need to modernize tax systems in developing countries, citing that outdated collection mechanisms and weak enforcement structures significantly limit revenue generation. The World Bank (2020) made a strong case for using digital tools and GIS technology to help local governments keep better track of property taxes. These tools don't just improve accuracy they also make it easier to follow where revenues are going and where gaps exist.

Beyond technology, many scholars stress the importance of solid institutions and more engaged local governance. Brillantes and Moscare (2002) observed that when the Philippines embraced decentralization, it pushed fiscal decisions closer to the communities. That shift opened up opportunities, but it also exposed weak points in staffing, systems, and accountability. Years later, Brillantes, together with Tiu Sonco (2019), noted that putting decentralization into practice hasn't always gone smoothly. Political shifts, inconsistent planning, and fragmented local structures continue to get in the way. Capuno (2011) and Smoke (2013) added that success in generating revenue depends a lot on local leadership. It also hinges on how well LGUs enforce rules, how capable their staff are, and whether systems in place can support what's being asked of them. It's one thing to have the authority to collect taxes. It's another to do it well and fairly. A study by Kim, Kim, and Lee (2022) reinforces these points through a comparative lens, showing how fiscal decentralization's success often depends on clearly defined roles, performance incentives, and institutional safeguards.

Infrastructure development and local enterprises also feature prominently in the literature as complementary drivers of local revenue. Del Castillo and Gayao (2010) examined how roads, transport terminals, and utility systems in Philippine provinces stimulate economic activity and attract business, thereby expanding the local tax base. Their findings align with the experiences of municipalities that invest in economic infrastructure to promote self-sufficiency. Manasan (2018), in examining the proposed shift to federalism, discussed the risks of devolving revenue responsibilities without adequate capacity-building, noting that disparities in local revenue performance are often linked to technical know-how and the quality of governance.

The broader political and economic landscape also shapes local fiscal outcomes. Eaton, Kaiser, and Smoke (2014) discussed the political economy of decentralization, arguing that reform success depends on the alignment between central and local interests, as well as the predictability of intergovernmental transfers. Meanwhile, the National Economic and Development Authority (2021) pointed out how the COVID-19 pandemic severely disrupted LGU revenues, especially in rural municipalities where small businesses and agricultural activities were most affected.

Looking across the literature, it becomes clear that local revenue generation is never just a matter of policy on paper. Rules and legal mandates set the stage, but they don't guarantee results. What makes the real difference are the systems in place, the people running them, the choices made by local leaders, and the kind of connection they maintain with their communities. It takes more than compliance; it takes initiative, coordination, and sometimes, a bit of creativity.

This research turns its attention to Talacogon and Sta. Josefa, two municipalities in Agusan del Sur. Instead of offering abstract models, it leans into the everyday realities of local governance. These LGUs don't just talk about policy they live it. Their experiences show the effort behind updating tax codes, running local enterprises, and figuring out how to stretch limited funds. Sometimes the plans work, but sometimes they don't. But in both cases, what stands out is the way these local governments keep adjusting; dealing with what they have, responding to their communities, and doing what they can to keep things moving.

Methodology

This research followed a qualitative case study approach, focusing on the municipalities of Talacogon and Sta. Josefa in Agusan del Sur. The goal was simple: to understand how these local governments actually go about generating revenue not just on paper, but in practice. The design made room for detail. It allowed the study to dig into the day-to-day work of fiscal officers, the reasoning behind policies, and the ways decisions are shaped by local realities.

Talacogon and Sta. Josefa differ in many ways. One leans heavily on agriculture; the other serves as a trading point along the river. Still, both face similar pressures when it comes to raising and managing funds. That made them ideal for a side-by-side look at what's working, what's not, and where adjustments might be needed.

To gather the data, the research relied on conversations with people who are directly involved in finance, assessment, and budget work. Their insights offered a closer view of how policies unfold at ground level and what it takes to keep a municipality running.

Information was gathered through semi-structured interviews using a researcher-made guide that had been reviewed and validated by experts in public administration and local governance. Participants were selected based on their role, experience, and direct involvement in fiscal functions. Ethical clearance was secured prior to the conduct of the study. Interviews were audio-recorded, transcribed, and subjected to thematic analysis. The data was analyzed using Atkinson's four-step method: data reduction, display, interpretation, and conclusion drawing. Strategies such as triangulation, member checking, and an audit trail were applied to ensure credibility and trustworthiness. The study was approved by the university's institutional review board, with a certificate issued under reference number NTP-2025-PHD-008.

Findings

Findings were revealed through a thematic analysis of the key informant interviews, four major themes emerged: (1) Legal and Administrative Frameworks, (2) Infrastructure and Economic Enterprises, (3) Innovations in Tax Collection and Mapping, and (4) Challenges and Strategic Sustainability. Each theme contains sub-themes and is discussed with evidence from informant responses and supported or contrasted with relevant literature.

Profile of the Respondents
The respondents of this study consisted of thirteen key informants from two municipal local government units (LGUs) Talacogon and Sta. Josefa in Agusan del Sur. These individuals were purposively selected based on their direct involvement in revenue generation, fiscal administration, and policy implementation. Their professional designations included Municipal Treasurers, Municipal Assessors, Budget Officers, SB Members, Tax Mappers, and personnel from the Business Permits and Licensing Office (BPLO). The selection ensured that both legislative and executive perspectives were represented, thereby providing a comprehensive understanding of the municipalities' revenue-generating practices.

The tenure of the respondents varied significantly, ranging from three to thirty-six years in public service. This wide range of experience offered both seasoned and relatively fresh perspectives on the evolution and current state of fiscal strategies. For instance, the Municipal Assessor from Talacogon had served for 36 years, providing institutional memory and depth of historical insight, while the SB Member on Ways and Means had only three years of service, contributing a more contemporary and possibly reform-oriented viewpoint. The inclusion of long-serving officials particularly enriched the study by highlighting not only the strategies currently employed but also how such strategies have been sustained or transformed over time.

Most of the respondents were middle- to upper-level officials who were directly involved in budgeting, taxation, assessment, and implementation of local ordinances related to revenue. This composition is ideal for case study research, especially when exploring policy application, organizational practices, and the sociopolitical dynamics of local governance. Through including both municipalities and a range of job functions and experiences, the study achieved triangulation in perspectives and enriched the validity of the findings.

Theme 1: Strategic Revenue Code Development and Implementation
The strategic use of updated revenue codes and ordinances emerges as the foundation for effective revenue generation. The LGUs of Talacogon and Sta. Josefa both prioritize revising their local tax codes to reflect current economic conditions. This practice enables them to adjust fees, tap into emerging local businesses, and align revenue streams with development goals. Their approaches involve thorough market behavior analysis, property reassessment, and structured public consultations to ensure compliance and inclusiveness. The codification of all charges and taxes, the municipalities establish a reliable legal basis for collection and enforcement.

Sub-theme 1.1: Revision of Local Revenue Code
Informants from both LGUs shared that periodic revisions are essential to capture the prevailing market behavior and local economic activities. These revisions ensure fees remain relevant and legally enforceable.
" Through revision of Revenue Code and Local Ordinances to reflect current economic conditions to adjust fees ensuring that revenue streams are aligned with its goals. Agricultural programs to support local farmers which provides training to enhance agricultural productivity." – Informant 1
"Enhancement of schedule of market value & strengthening the basis to serve useful tool in guiding the fair market value. Every three years conducting a general revision in pursuant of section 1980 of r.a. 7160, otherwise known as the local government code of 1991" – Informant 6
Informant 4 highlights the scientific process of preparing local tax codes,
"First study the market behavior, observe what is prevailing, what are potentials to generate income. then prepare local tax codes." – Informant 4
"In particular, we implemented real Property Tax imposition - adoption of real-time modality of property appraisal using property location in hybrid satellite images that improves accuracy of field appraisal, blended with real-time satellite images in locating properties.
IN BUSINESS: Updated Revenue Code and explore other possible revenue-generating programs.
Updating the Local Revenue Code has become a necessary move for municipalities like Talacogon and Sta. Josefa. It's not just a technical requirement it's a way to keep local taxation in step with changing times. Several informants made it clear that without these revisions, fees and charges would quickly fall out of sync with the real economy. Things shift. Land values go up, new businesses open, and infrastructure expands. Local governments have to adjust if they want their revenue systems to stay relevant.
This kind of adjustment isn't arbitrary. Section 129 of the Local Government Code of 1991 lays out the responsibility clearly. LGUs are given the authority to create their own revenue sources and revisit rates when needed.

It's a legal mandate, but also a practical one. Informants pointed out how this gives them room to tailor tax policies based on what's actually happening on the ground whether that's a spike in land development or a shift in the local business scene.

Some have gone a step further. Sta. Josefa, for example, started using hybrid satellite images to support property tax assessments. This kind of real-time data makes it easier to spot changes, reassess values, and catch what might've been missed in traditional surveys. It's a modern approach, and it's working. Manasan (2004) pointed out long ago that better valuation tools lead to fairer and more productive taxation. The law requires a general revision every three years, and in places like Agusan del Sur where development can be uneven that timeline helps prevent local governments from falling behind. Still, making all of this work takes more than good laws. It takes skilled people, working systems, and steady leadership. That's where institutional capacity comes in. Without it, even the best policy revisions may fall short.

Sub-theme 1.2: Stakeholder Engagement through Public Hearings

Public consultations are conducted to validate adjustments and inform stakeholders, increasing transparency and trust in local governance.

"Conduct regular information drives, posting of tarpaulins in the barangays…Attend barangay assemblies and include iec on tax as one of the agenda… Also, attend barangay assemblies and include iec on tax as one of the agenda."– Informant 4

According to Section 129–133 of the Local Government Code of 1991 (RA 7160), LGUs have the authority to create and revise local revenue codes. As observed by Brillantes and Moscare (2002), revenue code revision improves fiscal autonomy and enhances LGU responsiveness to local economic contexts.

Public consultation isn't just a legal step, it's how local governments earn the trust of the people they're asking to contribute. Informants spoke often about meeting with communities, holding assemblies, and making time for public hearings to talk through proposed changes. These gatherings weren't just for shows. They gave residents a space to ask questions, push back, and understand how tax policies would affect them. It's a form of participatory governance that works from the ground up. Brillantes and Moscare (2002) noted that when communities feel involved, transparency improves, and people are more likely to comply. It's not always neat or quick, but the process helps shape revenue policies that fit the local context and that people are more likely to accept.

In the municipalities of Agusan del Sur, public hearings also serve as an educational function, raising awareness of local tax responsibilities and where funds are used. Informant narratives reveal how information, education, and communication (IEC) strategies such as posting tarpaulins or integrating revenue topics into community meetings help build public understanding and mitigate resistance to new or adjusted taxes. This participatory approach reinforces Section 187 of RA 7160, which mandates that public hearings must be conducted before any ordinance affecting taxes or fees is enacted. In rural municipalities where economic pressures and public skepticism about taxation are high, such consultations are not only procedural but strategic in reinforcing the social contract between citizens and local governments.

Theme 2: Infrastructure and Economic Enterprises

The LGUs utilize infrastructure and economic enterprises not only to provide services but also as key revenue streams. These include markets, waterworks, transport terminals, and commercial spaces.

Sub-theme 2.1: Leveraging Municipal Enterprises

Talacogon and Sta. Josefa have optimized local assets to boost revenues. Strategic investments in public markets and terminals have resulted in increased stall rentals and user fees.

"Rental from stalls and water systems is a consistent source." – Informant 11

"Agricultural diversification by cultivating rice, corn, bananas, and coconut has helped buffer the economy from the decline of the logging industry. – Informant 7

"The revenue generation of the municipality through revenue code which is the basis for the collection of business tax, fees and charges on economic enterprise.

"The real property tax, is the provincial imposition. The sharing is provincial share is 35%, municipal share is 40%, and barangay share is 25%." – Informant 8

"Keep updating the schedule of market values of all properties once every year and development on in-house and hybrid tax mapping in property location using satellite images (real-time) to increase accuracy and precision in property appraisal." – Informant 12

"*Conduct activity that will call the attention of outside people, like trade fair, festival, movement of citizen to promptly pay their taxes."* – Informant 13

This sub-theme highlights how the municipalities of Talacogon and Sta. Josefa have strategically maximized their local economic assets such as public markets, water systems, transport terminals, and agricultural programs to generate consistent non-tax revenues. Informants emphasized that these enterprises are not just service-oriented but have been structured to produce reliable income for the LGUs. For example, the regular collection of fees from public markets and water utilities ensures a continuous revenue stream, while agricultural diversification (shifting from logging to farming crops like rice, corn, and bananas) offers long-term resilience.

This reflects the idea that economic enterprises can serve as "fiscal buffers" in times of declining traditional income sources, as discussed by Capuno (2011), who argued that municipal enterprises offer adaptive revenue options, especially for LGUs facing resource limitations. Informants also mentioned innovations like hybrid tax mapping using satellite images to improve property valuation, demonstrating the municipalities' efforts to enhance both tax and non-tax systems. These technologies not only increase accuracy in property assessment but also improve the enforceability and transparency of revenue collection. In the local context of Agusan del Sur where municipalities are striving for fiscal independence such leveraging of local resources serves as both a revenue tool and a development strategy.

Sub-theme 2.2: Infrastructure as Economic Catalyst

Improvements in farm-to-market roads, internet connectivity, and public utilities have attracted businesses and stimulated revenue through secondary sources like permits and licenses.

"The LGU also went from barangay to barangay, identifying unregistered businesses. This simple approach led to higher business tax collection, especially from small stores and local services. To gain public trust, the LGU showed how taxes helped build roads, improve the public market, and support basic services. This transparency encouraged more taxpayers to pay taxes willingly." – Informant 5

"But then, gradually, the municipality stood on its own to grow their revenue by strengthening local taxes, promoting local business, public markets & transport terminal buildings like malls for rental space. As a result, whole access roads from farm to market, power supply in the remote area, and even internet connection for better communication were improved." – Informant 6

Both LGUs institutionalized streamlined services such as the Business One-Stop Shop (BOSS) and taxpayer education campaigns. These strategies improve taxpayer compliance and simplify bureaucratic processes.

"ONE STOP SHOP. Limit the requirements. Limit the number of signatories. Conduct regular information drives." – Informant 4

"*To make transactions easier, the LGU operates a one-stop-shop during business permit renewal, allowing business owners to process all requirements quickly in one place.*"- Informant 5

"Yearly conduct of business & real property taxation through business one stop shop activity. Continuing serving of demand letters to delinquent tax payers." – Informant 2

According to the Bureau of Local Government Finance (2021), economic enterprises are sustainable alternatives to national dependency. A study by Del Castillo and Gayao (2010) affirms that economic infrastructure development increases local income and encourages investor confidence.

This sub-theme emphasizes the role of physical infrastructure in enabling and enhancing local economic activity. In both case municipalities, investments in roads, transport terminals, digital connectivity, and utility infrastructure have led to increased business registration and renewed interest from external investors. Informants revealed that farm-to-market roads not only improved access to agricultural inputs and outputs but also encouraged local entrepreneurship by reducing transport costs. At the same time, internet infrastructure in remote areas improved communication and access to government services, indirectly boosting business efficiency and compliance.

The insights echo findings by Del Castillo and Gayao (2010), who emphasized that infrastructure development significantly contributes to local competitiveness and investor confidence. The LGUs' proactive approach such as conducting business tax campaigns, going barangay-to-barangay to register informal enterprises, and showing citizens the tangible results of tax contributions helps build a culture of compliance and transparency. In Agusan del Sur, where geographic dispersion and economic marginalization are persistent concerns, the strategic use of infrastructure as a catalyst for revenue growth reflects how public investments can have multiplier effects across the economy. Notably, improved roads and utilities are now seen not only as basic services but as fiscal enablers that lead to increased permitting, licensing, and business registration revenues.

Theme 3: Innovations in Tax Collection and Mapping

Technological and process innovations in tax mapping and property appraisal were evident in Sta. Josefa and Talacogon. These innovations improve accuracy, reduce loss from unregistered properties, and increase taxpayer confidence.

Sub-theme 3.1: Satellite-Based Property Mapping

Sta. Josefa's use of satellite imagery allows real-time property appraisal and discovery of previously unaccounted assets.

"We adopt satellite imagery to increase the accuracy of appraisals." – Informant 12

"The municipality regularly carries out business mapping to identify unregistered businesses and ensure proper permit issuance. Also, conduct tax information campaigns to remind taxpayers to settle their dues early." – Informant 5

"Well, the assessment office have a vital role in the revenue generation. The real property valuation has a great impact. We have conducted general review every 3 years and follow uniform guidelines in the classification, appraisal, and assessment of real property for taxation purposes. We update records from unknown to known, exempt to taxable, coming from government." – Informant 6

"*To assess new buildings/structures like high-rise buildings, malls, residential and industrial buildings, and machineries. Updating includes new discoveries and idle land.*" – Informant 6

In Sta. Josefa, the integration of satellite-based property mapping has been a game-changer in the way local government units approach tax administration. Through the use of hybrid imagery and geo-tagging, the municipal assessor's office is able to detect previously unregistered properties and idle lands that were once overlooked in traditional manual appraisal systems. Informants pointed out that this innovation has allowed the LGU to track new constructions, industrial structures, and even machinery installations more accurately thereby improving the integrity of its tax base. This innovation not only raises collection efficiency but also ensures fairer taxation by aligning property values with real-time development patterns.

In a municipality like Sta. Josefa, where geography and rapid semi-urban expansion pose unique challenges, the shift to satellite imaging aligns well with global best practices. According to the Asian Development Bank (2016), satellite-assisted geographic information systems (GIS) improve transparency, enhance compliance, and minimize revenue loss from undervalued or untaxed properties. In addition, World Bank (2020) guidance on tax administration reform points to these tools as effective in reducing discrepancies between recorded and actual land use. In the context of Agusan del Sur where local government units often manage vast and varied terrains this innovation fosters greater accountability and technical precision in real property taxation, empowering assessors to act based on verified data.

Sub-theme 3.2: Business Mapping and Field Validation

Talacogon conducts barangay-level business mapping to locate unregistered businesses, increasing permit and fee collections.

"We go barangay to barangay to identify unregistered businesses." – Informant 5

There are those who prefer enumerating the strategies they put in place to improve the revenue generation.

"*Send notice to delinquent tax payer. then recommend to attend meeting in liga ng barangay captain; we give constant reminders to delinquent establishments in renewing their business permits; we process final demand letter to businesses who remain delinquent; and lastly, we conduct auction sale, and examination of book of accounts of business establishments."* – Informant 8

"*Increase tax ordinances every five years, improve income generation projects, double the support services of roads & bridges, public markets, commercial centers like block tiendas, water system as economic enterprise & health services to attract more investors."* – Informant 9

"Intensify collection effort through information campaign; Full operation of food terminal & public market mall; Enforcement of collection in black trades (space rental)." – Informant 10

"We release Request Billings, and send Demand letters to the concerned past due (person) individuals." - Informant 11

A study by ADB (2016) encourages the use of GIS and satellite tools in enhancing property-based tax systems in developing nations. This aligns with recommendations from the World Bank (2020) to modernize local finance systems.

In Talacogon, the LGU has institutionalized barangay-level business mapping as a strategic tool for improving revenue generation. Field officers, in coordination with barangay officials, conduct door-to-door inspections to identify businesses operating without licenses or those underreporting their scope of activity. This grassroots-level strategy ensures inclusivity, encouraging small-scale vendors and informal businesses to comply with local requirements. Informants shared that these efforts are complemented by ongoing public awareness campaigns and consistent follow-ups through notices, demand letters, and community assemblies. This layered approach not only reinforces compliance but also demonstrates the LGU's active interest in grassroots-level fiscal order.

These methods are consistent with observations from Alm (2019), who emphasized that when local governments apply participatory and field-based approaches in tax administration, compliance rates improve because of increased visibility and trust. In Agusan del Sur, where local economies are largely composed of small and medium-sized enterprises, mapping efforts enable municipal governments to tap into potential income sources that are often missed by centralized systems. Moreover, the frequent interaction between LGU staff and business owners cultivates an environment of transparency, reminding constituents that taxes directly support road development, public markets, and services that benefit them daily. When residents see how their contributions translate into tangible community improvements, they are more likely to pay taxes voluntarily and on time.

Theme 4: Challenges and Strategic Sustainability

Despite innovations and good practices, the municipalities face persistent challenges including limited economic base, delayed payments, outdated systems, and natural disasters. Strategies for sustaining gains include institutionalized practices, continuous community engagement, and political will.

Sub-theme 4.1: Limited Economic Base and Compliance Issues

The agricultural nature of both towns and absence of large commercial industries limit potential revenue.

"*Talacogon has limited economic base since it is primarily an agricultural and forestry dependent. The limited presence of large businesses and industries restricts the potential for local taxes."* – Informant 1

"*Delayed payment of taxes. Non-renewal of business permit.* – Informant 2

"*Limited economic base – Absence of significant commercial and individual activity."*– Informant 3

"Another common issue is unequal compliance. There were cases where responsible business owners returned their permits in frustration after seeing their neighbors operate without permits, feeling it was unfair. Limited manpower, especially in field validation and enforcement.." – Informant 5

"*There are factors that affects collection like double taxation, on RPT (Real property tax), DAR (department* *of agrarian reform) area, and failure on rice and corn harvest."* – Informant 8

"*Some individuals don't have the capacity to pay, especially in RPT due to huge penalties. This year, the tax amnesty will be an advantage to collect more."* – Informant 11

"*Business establishment that is hesitant to follow important policy."* – Informant 13

On business establishment, most of them close their business during pandemic.

In Talacogon and Sta. Josefa, much of the local economy rests on agriculture and forestry. These are sectors that depend on seasons and weather, which means they're never fully predictable. Informants brought this up again and again: the economic base is simply too narrow. Without larger industries or a strong commercial sector, the municipalities rely on small vendors, family-run farms, and a few modest enterprises to keep local revenue flowing.

That makes tax collection tough. Missed payments are common. Some businesses let permits expire. Others hesitate to register at all. A few informants even mentioned cases where honest taxpayers gave up and surrendered their permits after seeing their neighbors operate without the same scrutiny. The sense of unfairness was hard to ignore.

Capuno (2017) calls this kind of stagnation a typical outcome for agriculture-dependent LGUs. Manasan (2003) adds that weak enforcement, coupled with staff shortages, only worsens the situation. In places like Agusan del Sur, these problems don't happen in isolation. Bad harvests, land disputes, and confusing overlaps in tax responsibility like those tied to DAR; only make things messier. If local governments want to protect their revenue base, they'll need more than legal authority. They'll need patience, smarter systems, and sometimes, softer options like payment plans or tax relief programs that can meet struggling taxpayers where they are.

Sub-theme 4.2: Pandemic and Political Challenges

COVID-19 disrupted business activity, while political changes affected the continuity of revenue initiatives.

"During COVID-19 pandemic, many businesses temporarily closed or scaled down operations. Some business owners surrendered their permits due to financial struggles." – Informant 5

"Political change in leadership.Not priority of the political agenda of the executive." – Informant 9

According to Capuno (2017), LGU revenue performance is often hindered by local economic stagnation and political inconsistency. The COVID-19 Local Fiscal Impact Brief by NEDA (2021) similarly highlighted pandemic-related constraints in local income generation.

The effects of the COVID-19 pandemic continue to reverberate in the fiscal landscape of local governments. In Sta. Josefa and Talacogon, many small businesses were forced to shut down or scale back, leading to widespread lapses in business permit renewals. Informants noted that economic recovery has been slow, and some enterprises never reopened, permanently shrinking the LGU's tax base. Aside from economic fallout, the pandemic also disrupted routine administrative processes such as tax collection, monitoring, and documentation. These delays further widened the gap between projected and actual collections, putting additional pressure on municipal budgets.

Politics can either help or hurt revenue programs it really depends on who's in charge. A few informants shared that when new officials take over, the momentum often breaks. Priorities shift. A promising tax initiative from the last administration might quietly fade out if it doesn't fit the new agenda or lacks immediate political payoff. This isn't unusual. Capuno (2017) pointed out that leadership changes are among the biggest threats to consistent local revenue performance.

The pandemic made things even harder. NEDA (2021) reported that COVID-19 not only stalled local economies but also exposed the cracks in LGUs' financial systems. In places like Agusan del Sur, where manpower and resources are already stretched, the combination of political turnover and a health crisis didn't just pause progress but it also puts sustainability at risk.

To make revenue programs last, municipalities can't depend on personalities alone. Anchoring them in ordinances and tying them to broader development goals gives them a better shot at surviving beyond election cycles or emergencies. It's not a perfect fix, but it gives good ideas a bit more room to breathe.

Discussion

The stories that surfaced from Talacogon and Sta. Josefa paint a clear picture: local revenue work is slow, hands-on, and full of trade-offs. Updating the Local Revenue Code in these municipalities wasn't done just to check a box. For many of the people involved, it was about catching up; keeping local tax policies in step with what was actually happening in their towns. Informants explained how these updates reflected changing land values, the growth of new types of businesses, and the need to modernize collection tools. One detail that stood out was their use of satellite imagery. It's not something you'd expect in smaller LGUs, but here it was, helping with property assessments and, bit by bit, making collections more accurate and fairer.

That kind of practical thinking showed up in how they handled community involvement, too. Officials didn't just issue new rules. They went out, held consultations, talked in barangay halls, and took time to explain what the changes meant. Some even showed residents how their taxes were being used pointing to new roads, terminals, and improved markets. That mattered. It made people feel like they weren't just paying into a black hole. And for many, that shift from being taxed to being included helped reduce pushback and encouraged better compliance.

There was also a clear link between local infrastructure and rising revenues. It wasn't always flashy. A smoother road meant farmers could sell faster. A working market meant vendors were easier to regulate and register. In Talacogon, mapping small businesses at the barangay level helped bring more of them into the fold. Permits got filed. Fees were paid. Informants talked about how consistency in enforcement not just cracking down but being clear and predictable helped build a fairer atmosphere. When everyone is held to the same rules, people stop looking for ways around them.

Although, it wasn't all progress. The agricultural backbone of both towns means income can swing wildly from year to year. Crop failures, price drops, even unexpected rain can throw things off. Add politics into the mix, and it gets more complicated. A new mayor might not continue the previous team's revenue programs. One informant described how good initiatives faded once priorities shifted. Then came COVID-19, and it hit hard. Businesses closed, permits were surrendered, and collecting taxes took a backseat to just staying afloat.

Despite all that, something notable happened. Both municipalities began to build protections into their systems. Revenue strategies were written into ordinances, included in fiscal plans, and integrated into standard processes. These weren't just good practices, they were survival strategies, ways to make sure gains didn't disappear with the next leadership change.

In the end, what stands out is the quiet determination of these local governments. They're not perfect, and they know it. But they're trying to work with what they have, leaning on community ties, and gradually finding better ways to collect, manage, and reinvest local funds. It's not flashy governance. It's everyday governance. And for towns like Talacogon and Sta. Josefa, that's where progress starts.

Conclusion

Talacogon and Sta. Josefa show us that even in resource-strapped settings, local governments can shape their own paths toward better revenue generation. Neither town waited around for sweeping national solutions. Instead, they worked with what they had, revising old codes, pushing for better tax enforcement, and using their infrastructure not just for service delivery but as a way to widen their income base. The effort was practical, sometimes messy, but rooted in a clear sense of where they stood and what was possible.

Revenue work, at its core, isn't just about collections or balance sheets. It ties closely to leadership, public trust, and how clearly a community sees the return on what it contributes. The push to use tools like satellite-based tax mapping made a difference, but it worked best when people understood why it mattered. The same goes for consultations in barangays. When residents felt heard and informed, compliance came a little easier.

Challenges were there including narrow economies, uneven compliance, politics that sometimes reset everything but both municipalities found ways to hold steady. What they did may not be perfect or immediately replicable elsewhere, but it points to a broader truth: local revenue generation improves when leaders commit, communities are brought into the fold, and systems are built not just for function, but for staying power. It's progress that may come slow, but it sticks.

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