

No. 5: Distributable Pool Account

A Bill For

An Act to alter the provisions of the Constitution of the Federal Republic of Nigeria, 1999 to abrogate the State Joint Local Government Accounts and empower each Local Government Council to maintain its own special account and make provisions for savings in the Federation Account before distribution to other levels of Government; and for related matters

SECTIONS OF THE CONSTITUTION	PROVISIONS OF THE CONSTITUTION	PROVISION OF THE BILL	REMARKS
		ENACTED by the National Assembly of the Federal Republic of Nigeria -	
		<p>Alteration of the Constitution</p> <p>1. The Constitution of the Federal Republic of Nigeria 1999 (in this Bill referred to as “the Principal Act”) is altered as set out in this Bill.</p>	
Section 162	<p style="text-align: center;"><i>C - Public Revenue</i></p> <p>162. (1) The Federation shall maintain a special account to be called "the Federation Account" into which shall be paid all revenues collected by the Government of the Federation, except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigeria Police Force, the Ministry or department of government charged with responsibility for Foreign Affairs and the residents of the Federal Capital Territory, Abuja.</p> <p>(2) The President, upon the receipt of advice from the Revenue Mobilisation Allocation and Fiscal Commission, shall table before the National Assembly proposals for revenue allocation from the Federation Account, and in determining the formula, the National Assembly shall take into account, the allocation principles especially those of</p>	<p>Substitution for section 162</p> <p>2. Substitute for section 162 of the Principal Act, a new “162”–</p> <p>“Distributable Pool Account</p> <p>162. (1) The Federation shall maintain a special account to be called "the Federation Account" into which shall be paid all revenues collected by the Government of the Federation, except the proceeds from the personal income tax of the personnel of the armed forces of the Federation, the Nigeria Police, the Ministry or department of government charged with responsibility for Foreign Affairs and the residents of the</p>	

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	<p>population, equality of States, internal revenue generation, land mass, terrain as well as population density;</p> <p>Provided that the principle of derivation shall be constantly reflected in any approved formula as being not less than thirteen per cent of the revenue accruing to the Federation Account directly from any natural resources.</p> <p>(3) Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State Governments and the Local Government Councils in each State on such terms and in such manner as may be prescribed by the National Assembly.</p> <p>(4) Any amount standing to the credit of the States in the Federation Account shall be distributed among the States on such terms and in such manner as may be prescribed by the National Assembly.</p> <p>(5) The amount standing to the credit of Local Government Councils in the Federation Account shall also be allocated to the State for the benefit of their Local Government Councils on such terms and in such manner as may be prescribed by the National Assembly.</p> <p>(6) Each State shall maintain a special account to be called "State Joint Local Government Account" into which shall be paid all allocations to the Local Government Councils of the State from the Federation Account and from the Government of the State.</p> <p>(7) Each State shall pay to Local Government Councils in its area of jurisdiction such proportion of its total revenue on such terms and in such manner as may be prescribed by the National Assembly.</p>	<p>Federal Capital Territory, Abuja.</p> <p>(2) The Revenue Mobilisation Allocation and Fiscal Commission, shall table before the National Assembly proposals for revenue allocation from the Federation Account, and in determining the formula, the National Assembly shall take into account, the allocation principles especially those of population, equality of States, internal revenue generation, land mass, terrain as well as population density;</p> <p>Provided that the principle of derivation shall be constantly reflected in any approved formula as being not less than thirteen per cent of the revenue accruing to the Federation Account directly from any natural resources.</p> <p>(3) Any amount standing to the credit of the Federation Account shall be distributed among the Federal and State Governments and the Local Government Councils in each State on such terms and in such manner as may be prescribed by the National Assembly.</p> <p>(4) Notwithstanding the provisions of this Section, ten percent of any amount paid into the Federation Account shall <i>be deducted and saved in a separate account</i> prior to distribution to the respective levels of government and shall be held on such terms and conditions <i>as may be prescribed by an Act of the National Assembly</i>.</p> <p>(5) The amount standing in the Federation Account</p>	

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	<p>(8) The amount standing to the credit of Local Government Councils of a State shall be distributed among the Local Government Councils of that State on such terms and in such manner as may be prescribed by the House of Assembly of the State.</p> <p>(9) Any amount standing to the credit of the judiciary in the Federation Account shall be paid directly to the National Judicial Councils for disbursement to the heads of courts established for the Federation and the States under section 6 of this Constitution.</p> <p>(10) For the purpose of subsection (1) of this section, "revenue" means any income or return accruing to or derived by the Government of the Federation from any source and includes -</p> <p>(a) any receipt, however described, arising from the operation of any law;</p> <p>(b) any return, however described, arising from or in respect of any property held by the Government of the Federation;</p> <p>(c) any return by way of interest on loans and dividends in respect of shares or interest held by the Government of the Federation in any company or statutory body</p>	<p>being savings shall not be distributed to the respective levels of government until at least five years from the date it was so saved.</p> <p>(6) Any amount standing to the credit of the States <i>and Local Government Councils</i> in the Federation Account shall be distributed among the States <i>and Local Government Councils</i> on such terms and in such manner <i>as may be prescribed by an Act of the National Assembly</i>.</p> <p>(7) Each local Government Council shall maintain a special account to be called "Local Government Council Allocation Account" into which shall be paid directly such allocation to the Local Government Council from the Federation Account and from the Government of the State.</p> <p>(8) Each State shall pay to Local Government Councils in its area of jurisdiction such proportion of its <i>internally generated</i> revenue on such terms and in such manner as may be prescribed by the <i>House of Assembly</i>.</p> <p>(9) The House of Assembly of each State shall by law prescribe such portion of the money allocated to the State and its Local Government Council from the Federation Account to be used for the purpose of payment of salaries of primary school teachers and such other purposes as it may determine.</p> <p>(10) For the purpose of subsection (9), the Federation Account Allocation Committee shall deduct and remit the salaries of primary school teachers to a body as</p>	

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		may be prescribed by the House of Assembly of each State.”	
		<p style="text-align: center;">Citation</p> <p>3. This Bill may be cited as the Constitution of the Federal Republic of Nigeria, 1999 (Fourth Alteration) Bill, No. 5, 2017.</p>	
		<p style="text-align: center;">EXPLANATORY MEMORANDUM</p> <p>This Bill seeks to alter the Constitution to abrogate the State Joint Local Government Accounts and empower each Local Government Council to maintain 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.</p>	