

The Impact of Local Tax Policies on Budget Performance and Public Service Provision in Two Selected Municipalities

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ABSTRACT

This research aims to determine the impact of local tax policies on budget performance and public service provision in the municipalities of Nagcarlan and Rizal, Laguna, during the 2025 fiscal year. The fiscal federalism theory has been the basis and foundation of the study on public choice, budget incrementalism and aiming to assess how do tax rate structures, taxpayers' compliance and the collection efficiency influence revenue adequacy, budget utilization, and fiscal discipline. This study hypothesized that the budget utilization efficiency, revenue adequacy, and fiscal discipline have significant relationship to tax policy implementation and the quality of public services provided. A researcher made instrument was used to collect the data. It utilized a quantitative research design consists of 152 respondents comprising the local government officials, employees and taxpayers from Nagcarlan and Rizal Municipalities and a descriptive correlational research methodology to analyze the status of variables, and inferential statistics.

The research findings show that both municipalities have moderately high local tax policies and budget performance with positive correlations observed between tax administration and public service outcomes. The LGU's tax policies effectively drive budget utilization and the delivery of essential services. It is also recommended for the LGUs to include adopting digital tax collection platforms and enhancing transparency and participatory budgeting to further optimize revenue generation and service delivery.

Keywords: Local Tax Policies, Budget Performance, Public Service Provision, Fiscal Decentralization, Municipal Governanc

The Problem and Its Background

INTRODUCTION

Recent research highlights that municipal governments globally are grappling with increasing financial pressures as they strive to provide essential public services despite constrained fiscal capacities. Horner and Leiser (2026) identify a variety of technical and external barriers to effective budgeting among Michigan's local governments, emphasizing that both internal management issues and wider economic factors hinder fiscal stability. Similarly, the Colorado Municipal League (2026) reports that slow tax revenue growth, rising insurance costs, and substantial unfunded infrastructure needs continue to strain municipalities, particularly in rapidly growing or urbanized regions. Demographic changes further complicate the fiscal landscape. Hanley (2026) introduces the concept of the "Fiscal Channel," illustrating how an aging population and declining property values can erode the property tax base, which is foundational for funding local services and education in the United States. In contrast, Tsik, Miyazaki, and Drew (2025) argue that fiscal sustainability is still achievable in areas facing population decline, provided there are robust horizontal fiscal equalization grants to buffer local revenues.

The way municipalities respond to fiscal shocks also reveals evolving strategies. Aydemir, Wang, and Wu (2025) demonstrate a shift during the COVID-19 pandemic, where major U.S. cities prioritized expenditure reductions over revenue increases, diverging from the approach during the Great Recession. This suggests a growing

preference for cost containment in an environment of fiscal uncertainty. Guzman and Ermasova (2025) show that the causes of municipal fiscal stress are multifaceted, often requiring tailored exit strategies that account for unique local circumstances. Their taxonomy of fiscal emergencies and recoveries underscores the importance of adaptive and context-specific policy interventions. Local government tax policies are fundamental mechanisms that shape the financial health and service capacity of municipalities. These policies determine the methods and extent to which local governments generate revenue to fund public services such as health, education, infrastructure, and social welfare. The effectiveness of tax policies directly impacts municipal budget performance, reflecting how well collected revenues are managed and allocated to meet community needs. Successful tax administration enhances fiscal sustainability, enabling continuous public service provision and local development (Syahputra et al., 2021). Tax policies influence not only the quantity of revenue collected but also the timing, predictability, and equitable distribution of tax burdens among citizens and businesses. Research shows that well-structured tax policies facilitate improved revenue collection and reduce fiscal uncertainties, contributing to greater budgetary stability in municipalities (Kioko & Zhang, 2017). Conversely, weak or poorly implemented tax regimes can undermine local government finances, leading to cash flow problems, underspending, or inefficient allocation of resources, which ultimately impairs public service delivery (Pew Charitable Trusts, 2021). In the context of local governance and administration, economic growth, demographic changes, and political stability can either enhance or mitigate the effectiveness of tax regimes (Syahputra et al., 2021). The policies of a town can directly influence the quality of public services and performance. Local tax policies are crucial for revenue generation, budget allocation efficiency, and fiscal sustainability, directly impacting the quality and delivery of public services (Read et al., 2019). Specifically in the towns of Nagcarlan and Rizal, wherein it was marked by both urbanizing centers and rural communities, its effective local tax policies are important factors that help the town to sustain development and meet the needs of the people. This research examined how do the municipalities tax policies affect its budget performance focusing on the town's revenue generation, efficient budget allocation and fiscal sustainability. Analyzing these impacts, the research aimed to provide insights into how local tax frameworks support or hinder the municipalities' ability to fund essential public services such as health, education, infrastructure, and social welfare. Understanding this dynamic is essential for policy makers and stakeholders to optimize tax strategies that enhance public service provision and promote inclusive local development.

Background of Study

In the 2025 Inter-Agency Policy Brief on strengthening local government finance notes global efforts to address financial capacity at the municipal level to overcome fiscal bottlenecks and improve service delivery, underscoring the widespread nature of these pressures. The design of tax policies plays a fundamental role here, as it directly influences how much revenue these local governments can collect and how reliably they can sustain essential services. Given the wide-reaching impact of tax policies on communities' well-being, it becomes crucial to study these mechanisms more deeply. In the Philippines, this issue is especially pressing. According to Corazon et al., (2023.) although the national government provides substantial funding through the National Tax Allotment, many local governments find it difficult to fully utilize these funds or to generate sufficient local revenue to fill gaps. Problems such as delayed budget approvals, underspending, and restrictions on tax rates limit the effectiveness of municipal budgets. Such challenges reduce the capacity of towns and cities to invest in projects that directly improve the lives of their residents. In fact, several local audits have pointed out these inefficiencies and highlighted the need for better fiscal management.

Specifically, Nagcarlan and Rizal, municipalities with a mix of densely populated urban areas and scattered rural communities, face these complications firsthand. Its limited infrastructure funding, coupled with less-than-optimal tax collection, constrains the local government's ability to finance key public services. Residents often experience the tangible results of these gaps—poor road maintenance, under-resourced health facilities, and slow improvements in education. These local realities make it critically important to understand how municipalities' tax policies influence its budgetary health and capacity to serve its citizens effectively. This study, therefore, sought to address these intertwined issues by exploring the relationship between tax policies and budget performance. It aims to identify the specific tax-related factors that promote or hinder the efficient generation and allocation of local revenues. The insights gained would offer practical guidance for policymakers and local administrators on designing tax regimes that strengthen fiscal sustainability and improve public service provision. Ultimately, investigating tax policy challenges is not only a matter of local concern but also reflects broader national and global fiscal themes. By shedding light on this model, the research contributes to a deeper

understanding of how local tax systems impact governance and development in the Philippines as a whole. Such knowledge is essential for crafting reforms that empower municipalities to fulfill their essential role in community development and social welfare.

THEORETICAL FRAMEWORK

Understanding the impact of local tax policy on budget performance and public service provision requires the integration of both classical and contemporary theoretical perspectives. The principle of fiscal federalism remains foundational, suggesting that decentralization of taxing and spending powers to local governments enhances fiscal autonomy and responsiveness to local needs (Musgrave & Oates, 1972). However, recent findings suggest this relationship is complex: Olaide et al. (2025) highlight that while fiscal decentralization may empower local authorities, it can also erode fiscal discipline under certain institutional conditions. Public choice theory further complements this perspective by positing that tax policy decisions reflect voter preferences and the incentives of local officials.

Recent empirical work by Courbe and Payson (2026) demonstrates that tax increases, when perceived as beneficial for the community, do not always result in electoral backlash, underscoring the nuanced dynamics of local economic voting. The concept of local tax competition is increasingly relevant as municipalities navigate fiscal pressures. Recent research from Germany confirms that local governments strategically adjust tax rates—engaging in tax competition for business taxes and yardstick competition for property taxes—in response to fiscal shocks ("Identifying tax-setting responses from local fiscal policy programs," 2026). This competitive behavior directly influences their revenue base and, consequently, their capacity to deliver public services. From a budgetary perspective, incrementalism remains a dominant paradigm in local fiscal management, with evidence suggesting that abrupt changes in tax policy can have adverse socioeconomic effects. Brasington (2026) finds that communities that rapidly reduce local tax levies experience significant declines in median household income, highlighting the risks associated with non-incremental fiscal adjustments. The direct link between taxation and public service provision is further substantiated by Brasington (2026) and Ellis and Powell (2026), who demonstrate that tax revenues are crucial for maintaining and enhancing local infrastructure, education, and health services. Conversely, tax reductions or insufficient revenue growth can compromise the quality and scope of public services. Finally, advances in technology are reshaping the landscape of local tax policy. Smith et al. (2026) show that improvements in algorithmic property tax assessments can jointly enhance accuracy and fairness, countering the traditional belief that these objectives must be balanced as trade-offs. These theoretical and empirical insights emphasize that local tax policy is a multifaceted tool, deeply embedded in broader governance, economic, and social systems. Effective local fiscal management thus depends on context-sensitive, evidence-based approaches that consider institutional, political, and technological factors.

CONCEPTUAL FRAMEWORK

INDEPENDENT VARIABLE

DEPENDENT VARIABLES

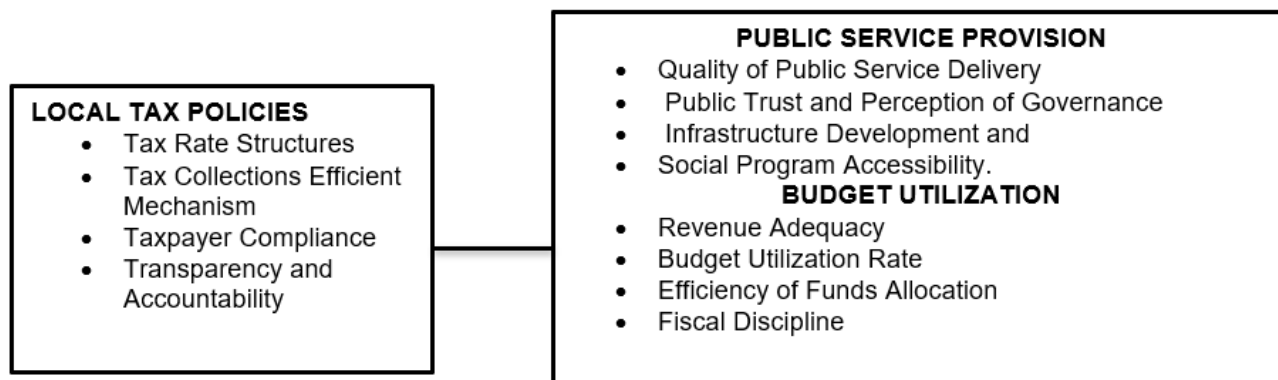


Figure 1. Relationship between local tax policies (independent variables), public service provision (dependent variables), and intervening variables that influence this relationship.

This framework highlights the crucial role of translating tax policy into tangible community benefits. It provides a clear, structured approach for studying how financial governance impacts public sector performance. This understanding can guide policymakers in optimizing tax strategies and fiscal discipline to improve public services effectively.

Statement of the Problem

This research study would like to determine the impact of local tax policies on budget performance and public services provisions of the municipalities of Nagcarlan and Rizal. Specifically, it sought to answer the following questions:

1. What is the status of the local tax policies in the Municipality of Nagcarlan and Rizal in terms of:
 - 1.1. Tax Rate Structure;
 - 1.2. Tax Collection Efficient Mechanism;
 - 1.3. Taxpayer Compliance; and
 - 1.4. Transparency and Accountability?
2. What is the perception of the taxpayers of Nagcarlan and Rizal Laguna in Public Service Provisions in terms of:
 - 2.1. Accessibility of Quality Service;
 - 2.2. Public Trust and Perception of Governance;
 - 2.3. Infrastructure Development; and
 - 2.4. Social Program Accessibility?
3. What is the level of the Municipalities' budget utilization in terms of:
 - 3.1. Revenue Adequacy;
 - 3.2. Budget Utilization Rate;
 - 3.3. Efficiency of Fund Allocation;and
 - 3.4. Fiscal Discipline?
4. Is there a significant relationship between the local tax policy structures, public service provision and budget utilization?

Hypothesis

This study will test the following hypothesis. There is no significant relationship between local tax policy structures, public service provision and the budget utilization among the selected municipalities.

Significance of Study

This research is significant for several reasons.

For Policy Makers

This research study is of great help to policy makers in providing quality public services, improving fiscal

autonomy through transparency and accountability.

For Local Government Units

The research provided valuable information to local officials to help them assess and enhance their tax policies. It assists in identifying areas for improvement in tax collection, transparency, and the efficient use of resources to benefit public service delivery.

For the Community

This study offered the residents of Nagcarlan a clearer understanding of how local tax policies influence the quality of public services and the management of municipal funds. It encouraged community members to become more involved and responsible taxpayers.

For Students and Faculty

This research can be utilized as a teaching tool for students and educators by providing practical examples related to public administration and fiscal policy. It will support academic learning and research activities in governance and community development topics.

For Future Researchers

The study will serve as a valuable resource that future scholars can refer to when examining local taxation and public service management. It is intended to contribute to the academic field by offering data and insights for related research topics in similar settings.

Scope and Limitation of the Study

This study focused on examining the impact of local tax policies and other local revenue sources on budget performance and public service provision in the Municipality of Nagcarlan and Rizal, Laguna. It covered the following areas, the status and composition of local revenue sources, including grants, fines, and legally generated local income. The influence of these revenue resources on tax policies, budget outcomes, and local economic growth. The efficiency and effectiveness of budget performance, focusing on revenue generation and expenditure management. The level and quality of public service provision by the municipality in core sectors such as health, education, infrastructure, and social services. The examined period will pertain to the most recent fiscal years available up to 2025, subject to data accessibility.

Limitations

The study was limited to the municipalities of Nagcarlan and Rizal; thus, the findings may not be generalized to other municipalities or provinces with different socio-economic contexts and fiscal environments. The study would primarily focus on quantitative indicators of budget performance and service provision; qualitative aspects such as public satisfaction or governance quality are out of this study's scope. The researcher would use standard sample size calculation methods to ensure representativeness and statistical confidence; the sample size depends on the total population and desired confidence level. The researchers would seek answers from the Local Government Officials and Employees, those directly involved in tax policy formulation, budget management, and public service delivery to provide institutional perspectives. Furthermore, the resident beneficiaries of Public Services those who are citizens receiving municipal services in health, education, infrastructure, and social welfare who can assess the quality and sufficiency of local government provisions.

Definition of Terms

The following terms were operationally defined in this study:

Accountability. It means accepting responsibility for acting honestly and ethically toward others. A company's accountability includes its obligations to shareholders, employees, and the broader community it serves. It also

involves being open to assessment based on its performance.

Budget Utilization. It refers to the process of effectively using the allocated budget for planned activities, projects, or operations within an organization. It measures how much of the approved budget has been spent relative to the total allocated amount, providing insight into financial control, resource management, and project efficiency.

Efficiency of Fund Allocation. It is the extent to which government budgets are distributed and used in a way that maximizes positive outcomes and minimizes waste. It measures how funds are prioritized and targeted to areas of greatest need and impact.

Fiscal Discipline. It is the practice of maintaining prudent and responsible management of government finances to ensure long-term fiscal sustainability, macroeconomic stability, and economic growth.

Infrastructure Development. It refers to planning, building, and maintenance of physical structures such as roads, bridges, water systems, and public buildings that support the community and economic activities.

Local Governance. It refers to the administration and management of public affairs at a local level, typically within towns, cities, or counties. It involves governing and delivering essential public services such as education, public safety, sanitation, infrastructure maintenance, and local regulations, all tailored to the needs of local communities.

Public Service Delivery. It is the process through which government agencies provide essential services like health, education, and sanitation to the public. It reflects how effectively these services reach citizens and meet their needs.

Public Trust. It refers to the confidence and belief of citizens that their government acts honestly, fairly, and in the public interest. It grows stronger when government actions are transparent and officials are accountable.

Revenue Adequacy. It is adequacy that refers to the capacity of a local government or organization to generate sufficient financial resources to meet its expenditure requirements and effectively provide public goods and services.

Service Provision. In local governance it encompasses the delivery of essential public services that meet community needs and enhance citizens' quality of life.

Social Program Accessibility. It eases with which citizens, especially vulnerable groups, can avail themselves of government programs aimed at improving welfare, such as healthcare, education, and social security.

Tax Policies. These are essential financial tools that must balance revenue adequacy, equity, economic growth, and administrative practicality to support effective governance and service provision.

Tax rate. In local government taxation, these are applied to various bases to generate revenue for public services, tax rate is the statutory percentage that local governments impose on taxable assets or activities, designed through legislation to balance revenue needs.

Tax Rate structures. It aims to balance revenue collection with the taxpayers' ability to pay while ensuring that LGUs have stable financial resources to fund local services and development programs.

Tax Revenue. For local governments in the Philippines primarily, it comes from two major sources: locally generated revenues and external sources.

Taxpayers. They are classified based on their gross sales or income to streamline tax administration and promote fairness, especially under the Ease of Paying Taxes (EoPT) Act (Republic Act No. 11976). The Bureau of Internal Revenue (BIR) classifies taxpayers into four categories, Micro Taxpayers, Small, Medium and Large Taxpayers.

Transparency and Accountability. It means openly sharing information about government actions, decisions, and resource use, clearly to public. Accountability refers to the responsibility of public officials to explain their actions and be answerable for the results, ensuring that there are consequences or corrections expectations are not met.

Related Literature and Studies

Local tax policies form a critical element in the fiscal landscape of local governments, underpinning their financial capacity to deliver public services and invest in community development. In the Philippines, these policies are framed by the Local Government Code of 1991, which empowers local authorities to impose taxes such as the real property tax, business tax, and other levies. Over the years, efforts have been made to reform tax mechanisms, including the enactment of the Ease of Paying Taxes (EoPT) Act, which seeks to simplify procedures and promote compliance among taxpayers. Such reforms enhance fiscal autonomy by improving LGUs' ability to mobilize resources independently, thereby reducing their reliance on national government transfers like the Internal Revenue Allotment (IRA). However, achieving a balance between generating adequate revenue and ensuring equitable taxation remains a challenge. Administrative constraints, local political interests, and variances in tax base strength influence policy effectiveness.

The research conducted by Afonso et.al. (2021) examined tax reforms across OECD nations and discovered that hikes in tax rates, particularly on personal income, generally hamper the efficiency of the public sector. On the other hand, broadening the range of taxable income tends to improve efficiency. Their findings also reveal that these effects aren't uniform; they differ depending on whether the economy is growing or in a downturn, which in turn influences how effectively government funds are spent and the quality of public services delivered. In addition, a recent article from 2024 highlights how crucial taxation is for funding public services, noting that tax revenues are the lifeblood of government resources used to provide these services. It further points out that when tax structures are well designed, they ensure steady funding, promote fairness, and help improve the quality of services, which benefits local governance, study focused on local governments in Imo State found that tax policies have a direct and positive effect on fiscal health. When tax revenues rise, local governments tend to increase their spending proportionally, which means tax policies are closely tied to the ability of these governments to fund public services

Further research touches on concepts like the Laffer curve, which explains how different tax rates can affect government revenues and economic activity. These ideas offer important background for understanding how tax rate changes influence budget outcomes and the allocation of funds toward public service delivery.

Afonso et al. (2021) explored structural tax reforms in OECD countries and found that tax rate changes, particularly in personal income tax (PIT), correlate negatively with public sector efficiency. Their study underscored that increasing tax bases tend to improve government spending efficiency, suggesting that broadening the tax base while moderating rates can enhance public service delivery without excessive fiscal distortion. This aligns with the core objective of tax policy to balance revenue generation and economic growth (Afonso et al., 2021). In addition, Syahputra's research further supports this view by demonstrating that local taxes, along with regional retributions, significantly impact the financial performance of local governments. The study points out that while the collection of local taxes influences budget outcomes, other factors such as the effective management of regional revenues also play critical roles in local fiscal health (Syahputra, 2021). This indicates that local tax policies must be integrated with broader fiscal strategies to optimize budget performance and service provision. Moreover, in the context of budget execution under changing policy conditions, research during the COVID-19 pandemic illustrates how budget absorption and local tax revenue declined due to revised budget policies, reflecting the vulnerability of local budgets to external shocks and policy adjustments (Situmorang, 2025). This finding highlights the need for resilient tax policy frameworks that can sustain budget commitments and maintain public service levels amid fiscal pressures. Furthermore, Jiang (2024) analyzed the effects of budget performance management reforms, showing that improved fiscal transparency and expenditure efficiency positively influence budget outcomes and service delivery at the local government level. This suggests that local tax policies work best when coupled with sound fiscal management practices that ensure revenues are effectively translated into public services (Jiang, 2024).

The foundational economic theory behind local taxation posits that the structure and level of taxation influence economic behavior and local public finance. The balance between direct and indirect taxation, tax rates, and bases significantly affect local governments' revenue generation capabilities and ultimately their ability to perform fiscal functions involving public service provision. Several scholars emphasize the impact of tax policy design on local government autonomy and accountability. Properly calibrated local tax policies enhance fiscal decentralization, allowing local governments to align public service provision more closely with citizen preferences and local economic conditions. The effectiveness of local taxation in funding public services is significantly shaped by two critical structural factors: tax effort disparities and administrative capacity limitations. These disparities reflect differences in the ability and effort of local governments to raise revenue, which can undermine equitable service provision across jurisdictions. Recent research on local governance in China underscores that governance capacity—including resource and tool governance—is essential for equalizing basic public service delivery and mitigating the negative impacts of fiscal decentralization (Chen et al., 2025). Beyond capacity, the efficiency of local public spending plays a pivotal role in translating tax revenues into quality services. This efficiency is closely tied to the governance environment and institutional strength. Tax reforms that integrate adjustments with budget management mechanisms—such as multi-year frameworks—have shown promise in enhancing fiscal stability and improving service outcomes. Holter (2025) demonstrates that medium-term budgetary frameworks combined with inflation-adaptive mechanisms can significantly bolster revenue performance and fiscal resilience compared to ad hoc tax adjustments. Complementing this, Alm (2025) argues that reforms to tax policy must be accompanied by tax administration reform, including technological and procedural enhancements, to ensure successful and sustainable outcomes. Without such integration, tax reforms may fail to yield intended economic or service delivery benefits. Abdel-Kader et al. (2020) emphasize joint tax-expenditure design for inclusive growth, noting productive spending (e.g., infrastructure) amplifies revenue effects only under efficient fiscal rules. Wang (2024) demonstrates in Chinese local governments that budget performance reforms mitigate fiscal pressures from tax changes, enhancing transparency and efficiency.

Tax policy impacts extend beyond revenue generation to the economic behavior of residents and businesses, which influence the local tax base and the sustainability of budget performance. Dynamic interactions between tax incentives and economic activity suggest that local governments must tailor tax policies to their unique economic environments to support stable and sufficient revenue flows. Effective local tax policy combines appropriate tax structure and rate settings with sound fiscal management practices to maximize revenue without compromising economic vitality. Such policies enhance local governments' capacity to deliver essential public services in an efficient and sustainable manner. The interaction of tax base broadening, fiscal transparency, expenditure efficiency, and institutional governance emerges as a key framework for understanding and improving local public finance and service delivery.

Research affirms that efficient local tax policies improve revenue collection, enabling better budget performance and public service provision. Afonso et al. (2021) emphasize that tax base broadening combined with moderate tax rates enhances government spending efficiency, crucial for optimal public service delivery. Syahputra (2021) correlates local tax management with financial performance, underscoring integrated revenue and expenditure management for local fiscal health. Budget performance management reforms improve transparency and expenditure efficiency, reinforcing how sound tax policy and fiscal governance jointly enhance public services (Jiang, 2024). Economic theory also supports that appropriate balancing of taxation elements fosters stable revenue generation strategies. Fiscal decentralization, enabled by appropriate local tax policies, leads to enhanced local government accountability and responsiveness. Crucial to the success of local tax policies is the mechanism that governs tax collection efficiency.

Empirical studies indicate that efficient tax collection directly correlates with strong local governance frameworks, administrative competencies, and modernized systems. A study on Real Property Tax (RPT) collection in first-class municipalities reveals that tax assessment procedures, strict enforcement, and competent personnel significantly contribute to revenue outcomes. Internal controls and consistent tax law enforcement reinforce efficient collections, while application of digital tools such as Geographic Information Systems (GIS) remains an area for improvement to further boost tax collection efficiency (Pardiñas & Ordoñez, 2025). In connection, the theory of decentralization supports localized tax collection autonomy, highlighting that local governments better align tax assessments with economic realities, improving compliance and payment

timeliness. Decentralization also fosters competition among local governments for efficient tax revenue mobilization, which positively impacts service delivery (Norregaard & Ahmad, 2024). The challenges to efficient tax collection include outdated property valuation systems and insufficient technology adoption, hindering timely and accurate tax billing. Capacity building of local government units (LGUs) in digital modernization, staff training, and transparent reporting mechanisms is recommended for sustainable efficiency improvements (Popescu & Matei, 2024). Moreover, several case studies highlight that integration of digital administrative reforms, such as e-filing and real-time data management, enhances tax administration effectiveness. Such reforms accelerate collection processes, reduce leakages, and heighten taxpayer satisfaction, ultimately supporting fiscal sustainability and improved public services (Gandia, 2024; Martínez, 2022).

Furthermore, intergovernmental fiscal transfers further complement local tax revenues but require efficient tax collection systems to optimize local revenue potential and ensure autonomy in service provision (Alm, 2024). International experiences, such as the Asian Development Bank's support to Philippine LGUs in improving RPT collection, establish that fiscal governance reforms coupled with local technical capacities can transform tax collection landscapes (ADB, 2025). Efficient tax collection mechanisms encompass competent governance, enabling technology, and up-to-date valuation systems that together enhance revenue mobilization. These mechanisms directly impact budget performance by ensuring predictable and sufficient funding for public services. The integration of digital tools, professionalized personnel, transparent operations, and adherence to decentralized governance principles creates a responsive and accountable local fiscal environment. Local tax policies built on these mechanisms foster equitable taxation, economic stability, and improved public goods delivery, illustrating their indispensable role in local governance effectiveness.

Local tax policies significantly influence budget performance, which in turn affects the provision and quality of public services. The effectiveness of these policies largely depends on taxpayers' compliance, a critical factor in local governance and public administration. This review synthesizes key findings from several studies to understand the relationship among tax policies, taxpayer compliance, and budget outcomes.

Several scholars emphasize that taxpayer compliance is fundamental for adequate local revenue generation, which supports sustainable public service delivery. Appiah et al. (2024) and Adem et al. (2024) extend Alm, Jackson foundational findings by empirically linking perceived fairness and trust to voluntary tax compliance among SMEs and large taxpayers in emerging economies, reinforcing the role of clear, equitable policies in revenue mobilization. Tax understanding and awareness directly affect compliance levels. A recent study by Putri and Peerzada (2019) demonstrates that taxpayers who perceive tax policies as transparent and understandable show higher compliance, contributing to effective budget performance. The study emphasizes that local governments must invest in taxpayer education as a strategy to improve tax revenue collection and service provision (Putri & Peerzada, 2019).

The relationship between tax morale, tax compliance, and the quality of local public services remains central to effective fiscal governance. Contemporary research continues to affirm that intrinsic motivation and trust in government institutions directly influence taxpayer compliance, which, in turn, supports higher quality and more timely public service delivery (Kirchler et al., 2023). Recent empirical data from subnational entities in Latin America and Africa demonstrate that trust in local fiscal management—including transparency in fund allocation—significantly increases voluntary tax compliance and, consequently, the adequacy of service provision (Cummings et al., 2024; Nkiru & Okoye, 2023). Policy design is equally important. Ehtisham and Keen's (2000) foundational work is echoed by recent findings showing that simple, equitable, and well-enforced local tax systems minimize evasion and foster compliance (Abdulrazaq et al., 2023). Advances in digital tax administration have further strengthened compliance by enhancing transparency and reducing opportunities for evasion. For example, the integration of e-tax platforms across multiple developing economies has improved taxpayer experience, reduced corruption, and increased revenue collections earmarked for essential local services (James & Alley, 2023; Okunogbe et al., 2023).

However, the local governance context remains critical. Decentralized tax collection can empower local governments but also introduces variability in compliance rates. A weak institutional frameworks and insufficient enforcement capacity can undermine the benefits of decentralization, leading to uneven revenue generation and gaps in service provision (Asongu & Odhiambo, 2023). In developing contexts, persistent

challenges such as limited administrative capacity and low taxpayer trust continue to hinder local tax policy effectiveness, underscoring the need for targeted capacity building and governance reforms (Bird & Zolt, 2023). Enforcement mechanisms remain a linchpin for compliance. Audit practices and meaningful penalties are positively associated with higher compliance and improved budget performance at the local level (Alon & Hageman, 2023). As digital enforcement and data analytics become more prevalent, enforcement outcomes are expected to improve further, supporting sustainable service delivery. Enforcement mechanisms remain a linchpin for compliance. Audit practices and meaningful penalties are positively associated with higher compliance and improved budget performance at the local level (Alon & Hageman, 2023). As digital enforcement and data analytics become more prevalent, enforcement outcomes are expected to improve further, supporting sustainable service delivery. Lastly, cultural and social factors influence compliance behavior. In communities with strong social cohesion, taxpayer compliance tends to be higher, facilitating better local governance outcomes and enhanced public service provision. The effective compliance leads to improved budgetary performance, which is crucial for the efficient provision of public services in local governance contexts. Transparency and accountability are fundamental principles that underpin effective and democratic governance. Transparency refers to the openness and accessibility of government actions and decisions to the public, ensuring that information is available in a regular, reliable, and relevant manner. Accountability complements this by holding public officials responsible for their decisions and actions, ensuring they act in the best interest of the public and are answerable for their conduct. Together, these principles promote trust, reduce corruption, and enhance the efficiency and legitimacy of public administration. In the study of Jannah et al. (2025) present a systematic review highlighting the vital role of transparency and accountability in local government financial reporting. The study finds that improved financial transparency and robust governance frameworks build public trust, enhance decision-making, and ensure responsible use of public resources, which are critical for effective budget performance and service provision.

On the other hand, Desmalita (2025) investigates the impact of transparency and accountability on local government performance in Indonesia, it shows that the results on transparency positively affects government performance through enhanced accountability mechanisms, both directly improving budget management and indirectly facilitating better public service delivery. In addition, Benito et al. (2021) emphasize fiscal transparency as a key tool enabling citizen supervision of government financial activities. Transparency in fiscal decentralization constrains power abuse and ensures local governments adhere to their budget mandates, directly affecting budget performance and service quality. As support, the Full Disclosure Policy (FDP) of the Philippines, documented by Open Gov Partnership (2017), illustrates public access to local government financial documents as a transparency measure that fosters accountability, reduces corruption risk, and enhances trust, thereby improving budgetary outcomes and public services. Furthermore, Jin (2025) analyzes digital budget supervision in China and finds that digital tools increase fiscal transparency, improving local governments' fiscal behavior and budget performance by making information accessible and promoting accountability. The Philippine Department of Budget and Management (2016) details fiscal transparency's role in better public resource management and debt control, which incentivizes good fiscal conduct and supports effective expenditure aligned with tax revenue performance. Audit practices strengthen fiscal transparency and accountability, leading to improved budget discipline and public sector performance. The study claims was strengthened and supported by the Ilomata (2022) where it shows that public accountability and transparency advance democracy and governance, emphasizing that fiscal decentralization faces challenges in managing public funds efficiently without adequate transparency to ensure accountability. Abubakari (2023) studies Ghana's local governments and concludes that financial management practices lacking transparency undermine accountability, weakening citizen confidence and affecting budget performance and the quality of public service delivery.

The quality of public service delivery speaks to how well government agencies meet the needs of their citizens by providing timely, accessible, and effective services. It is more than just availability; it demands a continuous effort to improve processes and ensure fairness so that every individual benefits regardless of background. When public services work smoothly and responsively, trust in government grows, helping sustain social cohesion and democratic governance. Delivering quality service calls for more than policies on paper. It requires practical steps to streamline operations, listen to the voices of the people served, and adapt based on feedback. Governments that prioritize quality also invest in staff training, transparent procedures, and performance checks to keep raising the standards.

The Institute of Development Studies (2023) highlights that state dependence on taxation correlates with better governance quality, as tax-paying citizens demand higher service standards and accountability, linking tax policies to service quality via fiscal accountability and responsiveness. IDS study and claims was strengthened and supported by Alm et al. (2021) that empirically assess structural tax reforms' effects on public spending efficiency in OECD countries. They find that tax base expansions improve government spending efficiency, enabling better quality public services through more effective budget performance. Octavianti (2025) analyzes tax service quality and taxpayer satisfaction, finding that quality public services positively influence tax compliance and citizen satisfaction, which supports better fiscal performance and service provision. Moreover, Beltran et al. (2025) present a study on local government finance excellence in the Philippines, showing how successful LGUs combine effective tax policies with good governance practices to improve public service delivery quality and fiscal sustainability. Furthermore, Konte (2021) examines the role of local taxing powers and finds that the quality of local governance mediates the positive impacts of local taxation on service quality, highlighting governance as a crucial factor. Meanwhile, Kiptum (2024) studies tax service quality and trust in government, concluding that better tax service quality strengthens trust and compliance, enabling governments to fund higher quality public services. In addition, Hu (2021) investigates public service quality and tax ethics in local administration, noting that ethical tax administration correlates with enhanced service delivery effectiveness. Villamejor-Mendoza (2015) reviews policy reforms targeting corruption reduction and governance improvements to enhance public service quality in the Philippines, connecting these reforms with better budget performance and resource allocation.

Public trust and perception of governance fundamentally shape the legitimacy and effectiveness of government institutions and their fiscal policies. Research studies from various contexts provide deep insights into how transparency, accountability, government responsiveness, and ethical practices influence public trust in governance. The OECD Trust Survey (2023) highlights government competence and fairness as primary trust drivers, emphasizing that citizens value reliable public institutions and their ability to influence governance decisions. This underscores the importance of responsive, inclusive policymaking for maintaining trust. In the study of Pew Research (2024) reports generally low trust levels in governments (e.g., U.S.), highlighting ongoing challenges in restoring trust through governance reforms. Furthermore, research exploring government qualities identifies integrity, openness, and perceived fairness as essential to government trustworthiness.

Studies also indicate that public perception of transparency in crisis communication (e.g., during COVID-19) strongly affects trust, reinforcing the need for transparent, timely, and accurate government information. Lastly, experimental data confirm that informing citizens about government transparency can boost trust and acceptance of governance actions.

In summary, public trust and perception of governance are deeply linked to transparency, responsiveness, and ethical governance practices. These dimensions strengthen citizens' confidence in government institutions, encouraging cooperation, compliance with tax policies, and support for public service provision. Improving these governance facets is crucial for enhancing tax policy impacts on budget performance and the quality of public service delivery.

In addition, Alm et al. (2020) find that trust in government institutions, especially those that implement and deliver public goods and services, significantly increases tax morale and compliance. This trust strengthens the perceived legitimacy of tax policies, supporting better budget performance and service provision. Moreover, the International Federation of Accountants (IFAC, 2023) highlights that transparency and accountability are fundamental to building and maintaining public trust in tax systems, which is vital for tax policy acceptance and effective governance. Furthermore, Appiah et al. (2024) show that tax knowledge and trust in government influence the perception of tax fairness, which in turn affects voluntary compliance. High trust levels correlate with improved tax morale and better budget outcomes. Economic Observatory (2022) emphasizes that public trust is essential for effective policy-making and compliance, noting that tax compliance improves when citizens trust government fairness and transparency.

The government transparency in expenditure reporting positively impacts tax compliance and public support, reinforcing that transparent fiscal policy builds trust in governance. (McNamara, 2025). The Fiscal Transparency Principles (2020) state that tax transparency promotes trust between government and citizens by enabling

dialogue on tax policy design and implementation. OECD's Public Trust in Tax report (2024) highlights regional insights on trust issues and concludes that increased trust improves tax morale and public service delivery. Bargain and Aminjonov (2020) observe that public trust in government increases compliance with tax policies, even in challenging political environments, strengthening fiscal capacity and service outcomes. Connor (2024) advocates for democracy-centered tax policy to strengthen tax legitimacy and public trust, which positively influences government accountability, budget performance, and public services

Local tax policies play a critical role in supporting infrastructure development and social program implementation, which directly affect the quality and accessibility of public services. This review synthesizes literature on the connection between fiscal policies, infrastructure investments, and social programs within the framework of local governance. Research highlights that sustainable infrastructure development depends heavily on effective tax frameworks that mobilize local revenues and incentivize private-sector participation. Cahyadi (2024) emphasizes that taxation policies are instrumental in generating funds for infrastructure projects and fostering economic competitiveness. Public-private partnerships (PPPs) are often leveraged as viable models to address infrastructure deficits while ensuring fiscal sustainability. Equally, the development of social infrastructure—including health, education, and community services—depends significantly on a municipality's fiscal capacity and institutional context. Frolova et al. (2016) analyze the determinants of social infrastructure development across Russian municipalities, identifying financial constraints, political limitations, and socio-cultural factors as critical barriers. Their findings highlight that efficient local tax management is essential for generating the resources necessary to support social programs aligned with community needs. Recent empirical studies reinforce these insights. For instance, Karachurina and Mkrtchyan (2025) show that smaller Russian settlements suffer from limited access to social services like schools and clinics, particularly in rural areas. Their analysis of census and infrastructure data reveals that while 90.9% of the population lives in settlements with schools, only 32.4% of settlements have healthcare institutions, indicating persistent gaps in service delivery tied to infrastructure availability. Moreover, Medvedev et al. (2016) demonstrate that social infrastructure—such as education and healthcare—plays a significant role in enhancing regional economic performance, illustrating how “soft infrastructure” contributes to broader development outcomes. This aligns with the theoretical framework by showing that tax-funded social services can act as drivers of economic growth. Furthermore, Edobor et al. (2023) argue that emerging economies benefit from tax frameworks that support infrastructure initiatives in ways that align with national development goals. Tax policies designed with social program implementation in mind enhance the effectiveness of public service provision by ensuring resource availability and directing funds to priority sectors. Practical experiences, such as the implementation of infrastructure impact taxes in urban settings, highlight how local governments can generate stable revenues earmarked for infrastructure investments. These taxes stimulate development cycles by increasing property values and expanding the tax base, enabling reinvestment in social infrastructure and essential services. The synergy between tax reforms, infrastructure investments, and social programs is crucial for fostering inclusive growth and improving service delivery efficiency. The literature also stresses the necessity of transparency and accountability in tax administration to ensure that revenues are effectively utilized for prioritized infrastructure and social needs. Social program accessibility refers to the ability of individuals and communities, particularly marginalized and vulnerable populations such as persons with disabilities, to effectively obtain and use social services and programs. It encompasses physical, informational, and attitudinal dimensions, ensuring that barriers to access are minimized across multiple aspects of service delivery. Employment and Social Development Canada (2023) present a Performance Indicator Framework for Accessibility Data under the Accessible Canada Act, which measures barriers to accessibility in public spaces, services, and information. This framework supports assessing social program accessibility by tracking physical, informational, and attitudinal barriers. Moreover, a second report (2025) by the same entity details core indicators such as the proportion of persons with disabilities experiencing exclusion when accessing public spaces, and efforts required to obtain accessibility information before program use, highlighting key social inclusion metrics. Huang et al. (2023) systematically review access dimensions and indicators, proposing evaluative tools that incorporate individual limitations, social characteristics, and environmental factors. Their approach advocates nuanced accessibility analysis, critical for assessing social program reach and effectiveness. McCord (2016) critically appraises indicators for social protection performance and Sustainable Development Goals (SDGs), presenting tools for evaluating social program accessibility and outcomes at system and program levels.

Social program accessibility is a critical dimension of equitable public service delivery, representing the extent

to which marginalized and vulnerable populations can effectively benefit from social services. According to Alam (2023), accessibility to social protection for persons with disabilities is influenced by various individual and community-level factors that either facilitate or hinder program reach. Jones et al. (2024) further highlight that physical, attitudinal, and informational barriers significantly affect priority populations' experiences in accessing community recreation programs. Similarly, Cairns (2015) draws attention to the importance of location and safe environment accessibility for disabled youth's effective participation in social services, underscoring spatial barriers in service uptake. Malhotra and Morris (2015) identify awareness and communication gaps as significant obstacles in accessing human services, suggesting that many programs remain practically inaccessible due to lack of information. Jeon et al. (2024) document similar challenges in the availability and nature of social services for children with disabilities, pointing to systemic gaps within service delivery frameworks.

The study of Sol Cruz et al. (2021) reveals initial barriers persons with disabilities face in accessing both social and public services, highlighting the need for inclusive policy reforms. Gin et al. (2020) discuss educational accessibility, noting that active learning methods require adaptation to be inclusive of students with disabilities. Mets et al. (2023) provide broader analyses of social program accessibility, focusing on spatial, physical, and socio-economic factors affecting mobility and service availability in urban and commercial public spaces.

Budget performance is closely linked with revenue adequacy; wherein insufficient revenue undermines the ability of local governments to deliver services. Several studies suggest that local governments rely heavily on consistent and adequate revenue streams, which depend on effective tax collection policies and taxpayers' willingness to comply (Periansya et al., 2021). Public trust and transparency also play vital roles in improving compliance and maximizing budget outcomes. Good governance practices, including transparency and accountability in tax administration, increase taxpayer confidence and compliance, as observed in regional expenditure and budget studies (Neliti, 2020). These practices enhance budget performance by ensuring funds are allocated appropriately and spent efficiently, improving public service quality and accessibility. Moreover, the enforcement of tax laws through administrative mechanisms such as audits, fines, and penalties is critical in managing tax defaulters and increasing compliance rates. Some studies recommend privatizing revenue collection to leverage efficiency and reduce corruption, which benefits overall revenue mobilization and adequacy. To sustain budget performance, local tax policies must balance between fair taxation and effective collection. This balance helps foster voluntary compliance from taxpayers, thereby improving service delivery outcomes. Local governments with sound tax policies and rigorous enforcement mechanisms perform better in mobilizing revenues, ensuring adequate budgets, and providing improved public services.

Budget utilization refers to the effective deployment and spending of allocated financial resources by local government units (LGUs) to execute planned programs, projects, and activities that deliver public services. Efficient budget utilization is crucial because it directly affects the quality and timeliness of service provision to constituents. Studies show that budget utilization in local governments is influenced by factors such as timely budget approval, administrative capacity, transparency, and external conditions like economic shifts or public emergencies. For instance, a study on barangays in Concepcion, Tarlac, revealed underspending due to delays in budget approval and restrictions caused by the COVID-19 pandemic, leading to underutilization of funds earmarked for various public needs (Liwanag, 2024).

Furthermore, expenditures prioritized towards current appropriations dominate, while continuing appropriations often remain unused. Improving budget utilization efficiency has been highlighted by the Philippine Department of Budget and Management (DBM). DBM Secretary Amenah F. Pangandaman emphasized that full and judicious use of budgets accelerates public service delivery and reflects positively on the economy's performance. The DBM promotes technological integration through systems like the Local Government Information System to enhance transparency and accountability in budget planning and spending (DBM, 2024). Effective budget utilization includes reliable financial policies, robust control systems, adequate staff competency, stakeholder involvement, and the availability of accurate financial data for monitoring. Studies also point to corruption, political influence, and limited capacity as impediments to optimal budget use (Werabe University, 2023; Gebreyesus, 2022). The budget utilization is a central aspect of local government budget performance. Efficient utilization ensures that local tax revenues and other income streams convert into tangible public services. To optimize budget utilization, local governments require timely budget preparation and approval, strong governance mechanisms, integration of technology for transparency, and capacity-building

targeting administrators and stakeholders alike. The efficiency of budget allocation in local governments refers to how well financial resources are distributed to various programs and services to maximize outcomes relative to inputs. Efficient allocation ensures that budgeted funds are optimally assigned to areas of highest priority and impact, achieving local government goals while minimizing waste and redundancies. Efficiency metrics often focus on the alignment of budget allocations with strategic priorities, cost-benefit analyses, and performance measures such as budget execution rates, input-output ratios, and service delivery outcomes (ClearPoint Strategy, 2025; AchieveIt, 2025).

Local governments that align their budget with strategic goals ensure resources are directed to initiatives that provide the greatest benefit to the community, thus improving public service provision. Efficiency is also measured by comparing budgeted funds to actual expenditures (budget execution rate). A high execution rate indicates that allocated budgets are being effectively utilized in a timely manner, avoiding underutilization or delays that hamper service delivery (Envisio, 2025). Monitoring input-output ratios allows governments to evaluate the productivity of spending, how much output (services, infrastructure, etc.) is generated per unit of budget spent. The challenges affecting efficient allocation include delays in budget preparation and approval, political interference, capacity constraints in planning and financial management, and lack of data-driven decision-making systems. Innovations like digital budgeting tools and transparency initiatives have been shown to enhance the accuracy and efficiency of budget allocation by providing real-time data and accountability frameworks (DBM, 2024; IMF, 2020).

Efficient budget allocation in local government is achieved through strategic alignment, rigorous performance measurement, proper timing, and the use of technology for transparency and monitoring. Fiscal discipline is essential in local governance because it guarantees that scarce public funds are allocated efficiently and fairly, supporting reliable delivery of public services without compromising future budgets or financial health. The Bureau of Local Government Finance (BLGF) plays a critical role in promoting fiscal discipline in governments by providing policy guidance, capacity building, and monitoring systems to track LGU fiscal performance. A disciplined fiscal approach encourages efficient budget utilization and allocation by aligning expenditures with revenue generation and local priorities. It also reinforces taxpayer trust, improving compliance rates, and expanding the revenue base which, ultimately, enhances overall public service provision. Challenges to fiscal discipline include political interference, capacity constraints, and external shocks, but strong institutional frameworks and transparent governance can mitigate these risks and sustain sound financial management in local governments. It ensures the balance between revenues and expenditures, fosters sustainable budget performance, and promotes public confidence necessary for taxpayer compliance.

RESEARCH METHODOLOGY

This chapter includes research design, the subject of the study, population and sampling techniques, data gathering procedures, research instruments, and statistical treatment.

Research Design

The research design for the study on local tax policies, taxpayers' perception, and public service provision in the Municipality of Nagcarlan and Rizal used a descriptive correlational design with a cross-sectional survey approach. This design was allowed to measure the status of local tax policies, taxpayers' perceptions, and the level of policy implementation at a specific point in time without manipulating any variables. It is appropriate since the study sought to describe conditions and examine relationships among variables (tax policy status, perception, implementation, and budget performance) through numeric data collected from respondents via questionnaires.

The correlational aspect was statistically test the relationships and impacts between these variables using tools like correlation and regression analysis. This design was advantageous for its ability to provide a snapshot of how tax policies affect public service provision and budget outcomes while supporting hypothesis testing on the relationships and impact stated in the problem.

This approach was aligned well with the study's objectives to establish the status, perceptions, implementation

levels, significant relationships, and impacts among local tax policy elements and public service measures in real-life municipal settings without experimental control.

Respondents of the Study

The research was conducted with 50 randomly selected respondents from the different local government offices, 50 randomly selected barangay officials and 52 randomly selected taxpayers of Nagcarlan and Rizal municipality in Laguna. The target population included the focal person and employees involved in budget planning. A survey data collection method was used to gather information from local government officials and employees in Nagcarlan-Rizal municipalities in Laguna.

Sampling Technique

Random sampling technique is a probability-based technique where a subset of individuals (a sample) is selected from a larger population entirely by chance, ensuring every member has an equal probability of being chosen. Random sampling is a probability sampling method in which every member of a population has an equal chance of being selected for the sample, it minimizes systematic errors in participant selection, ensuring high representativeness. This approach ensures that the sample represents the larger population as accurately as possible, minimizing selection bias and increasing the reliability of research findings (Thomas, 2023) **This method is widely used in surveys, experiments, and observational studies to make statistical inferences about the whole population based on the sample data. For example, in a public opinion poll, researchers might use random sampling to select a group of respondents whose views are then analyzed to infer the opinions of the entire population. By utilizing random sampling, researchers can estimate the margin of error and the confidence level of their findings, which are crucial metrics for understanding the precision and reliability of the results. Random sampling is a fundamental research technique that enhances the validity, reliability, and generalizability of research findings by ensuring that every member of the population has an equal chance of being selected.**

Research Instruments

The researcher developed a survey instrument that includes the demographic profile of the respondents, questions about the status of tax policies on budget performance and the level of the public service provisions. The said parts as well as the content of the questionnaire will be validated by experts in the field of Public Administration and the research panel from Laguna State Polytechnic University, Santa Cruz Campus. The identified relevant instruments were adapted to fit the specific context of the study. This involved modifying the instruments by tailoring questions to reflect the needs and context of the study. To further enhance the research instrument, both internal and external validation were considered to ensure the instrument is reliable and unbiased. To assure that the instrument used was reliable and valid, the researcher used Cronbach Alpha to make sure that the content is substantial and appropriate for the research, it measures how closely related a set of items are as a group, with a value ($\alpha = 0.70$) generally indicating acceptable reliability. Furthermore, the researcher conducted pilot testing of the instrument. The researcher tested the adapted instrument with a small group of respondents from your target population. This step was crucial in identifying issues in the research instruments and helped eliminate confusing data in the survey instrument noted by the respondents. This process aided the researcher in enhancing the instrument for further revisions. The research instrument used a four-point Likert scale as a measure, given the description and verbal interpretation presented in the table below.

TABLE 1. Four-Point Likert Scale Interpretation

Scale	Interval	Description	Verbal Interpretation
4	3.26 – 4.00	Strongly Agree	Very High
3	2.51 – 3.25	Agree	Moderately High
2	1.76 – 2.50	Disagree	Low
1	1.00 – 1.75	Strongly Disagree	Very Low

For final and additional instrument reliability, validation was carried out by experts in the field of both external

and internal assessment. Once validated, the instrument was to be used for data collection across defined strata (e.g., local government officials, employees, community members) to ensure that stratified sampling was implemented. This was done to guarantee representation from different groups within the target population.

Data Collection

The researcher-made survey instrument was distributed to the respective randomly select respondents and related focal persons. In the areas or municipalities that have concerns due to lack of internet connection collecting data using the research-made instrument, the data was analyzed using appropriate statistical techniques. This could include descriptive statistics to summarize demographic information and responses, as well as inferential statistics to test relationships between variables (e.g., using correlation analysis to explore relationships between local tax policies, budget performance and public service provision).

Research Procedure

The first phase of the research procedure ensured that ethical approval was obtained from the relevant authorities before conducting the research. Participants were informed about the purpose of the study, and their consent was sought prior to data collection. During data analysis, confidentiality and anonymity of respondents were maintained throughout the research process.

The researcher made a survey instrument, and it was validated by the experts in the field of Public Administration and the research panel from Laguna State Polytechnic University-Santa Cruz, Campus. Upon completion of the instrument and approval with no longer revisions and clear from various ethical considerations, the researcher sought consent to conduct a study on the local government offices Nagcarlan and Rizal. Afterwards, the researcher distributed the research instrument to the randomly selected individuals in the municipality of Nagcarlan and Rizal in Laguna. The structured questionnaires were distributed to gather quantitative data.

Moreover, it also includes the various challenges faced in terms of funding, local planning, economic conditions, and environmental factors. It aims to assess the impact of tax collection policies of Nagcarlan and Rizal in the facility of Public Services among the citizens and the local government. This was conducted to gain insights into the various aspects of local tax policies and provision of local services in the municipality.

Statistical Treatment of Data

To statistically analyze the data in the pilot testing phase, the researcher used Cronbach's Alpha, this was done to make sure that the researcher-made instrument was valid and reliable. The research instrument used a four-point Likert scale as a measure. Mean scores were interpreted as follows: 3.26–4.00 (Very High), 2.51–3.25 (Moderately High), 1.76–2.50 (Low), and 1.00–1.75 (Very Low).

This study employed a four-point Likert scale to assess respondents' attitudes and perceptions regarding local tax policies and public service provision in the municipalities of Nagcarlan and Rizal. The scale provided the options "Strongly Agree," "Agree," "Disagree," and "Strongly Disagree," deliberately omitting a neutral choice. By removing the neutral midpoint, respondents were encouraged to take a clear position, resulting in more decisive data. The use of this scale helped to capture direct opinions about the effectiveness of local tax collection and related services. Descriptive statistics, such as the mean and standard deviation, were used to summarize and interpret the survey responses. These measures provided insights into the central tendencies and variability within the data. Inferential statistics were then applied to draw broader conclusions about the population based on the sample results. Specifically, Pearson's correlation was calculated to determine whether a significant relationship exists between tax collection policies and the provision of public services. Regression analysis was also performed to predict the value of public service outcomes based on tax policy variables. This allowed the researcher to examine both the strength and direction of these relationships. Statistical analyses were conducted using SPSS and other relevant tools, ensuring rigorous data handling throughout the process. The computed p-values were compared to a significance threshold of 0.05 to assess the statistical significance of findings. Through this approach, the study sought to provide meaningful insights into how tax policy impacts public service delivery in these local municipalities. The result of the statistical analyses served as the basis for evaluating the effectiveness of the existing tax policies and revenue administration practices. The findings identified areas for improvements in tax collection, transparency, fiscal management and budget utilization.

TABLE 2. Statistical Tools Used in the Analysis of Research Variables

Research Question / Variable	Statistical Tool	Purpose / Application
Status of local tax policies (tax rate, mechanism, fiscal anatomy, transparency/accountability)	Descriptive Statistics (Mean, Frequency, Percentage)	To summarize and describe current conditions and characteristics of tax policies.
Taxpayer perception on public services (accessibility, trust, infrastructure, social programs)	Descriptive Statistics (Mean, Standard Deviation)	To quantify taxpayers' perceptions and variation in responses.
Level of tax policy implementation (revenue adequacy, budget utilization, fund allocation, fiscal discipline)	Descriptive Statistics (Mean, Percentage)	To assess implementation status of local tax policies.
Relationship between tax policies and taxpayer perceptions	Spearman Rank Correlation	To measure the strength and direction of association between ordinal/rank variables.
Relationship between local tax policies and implementation level	Spearman Rank Correlation or Pearson Correlation	To evaluate association between policy status and implementation level.
Hypothesis testing for relationships	Inferential Statistics: ANOVA or t-test	To test whether differences or relationships are statistically significant ... $\alpha = 0.05$.

Presentation, Analysis, and Interpretation of Data

This chapter presents the results of the data gathered through descriptive and inferential analyses. It connects the findings to the research questions the methodology of the study.

Demographic Profile

The demographic characteristics of the 152 respondents provide essential context for interpreting the study's findings on the impact of tax policies on budget performance on public service provision. Table 1 summarizes the distribution by municipality, age of respondents, and position.

TABLE 3. The Demographic Profile of the Respondents

NUMBER OF RESPONDENTS PER MUNICIPALITY		
	Frequency	Percent
NAGCARLAN	88	57.89
RIZAL	64	42.11
Total	152	
AGE OF RESPONDENTS		
	Frequency	Percent
25-below	5	3.28
26-30	22	14.47
31-35	20	13.15
36-40	20	13.15
41-45	24	15.79
25-below	5	3.28
26-30	22	14.47
31-35	20	13.15
POSITION		
	Frequency	Percent
Department Heads	6	3.94

Admin Officers	15	9.87
Admin Aide/ Clerks	22	14.47
Social Services Providers	7	4.60
Clientele/ Brgy Officials	102	67.10
Total	152	

Table 3. Demographic Profile of the Respondents from the Municipality of Nagcarlan and Rizal

Nagcarlan respondents outnumbered those from Rizal (57.89% vs. 42.11%), reflecting potential variances in tax base size or collection efficiency between these municipalities. This distribution allows comparative analysis of how local tax policies (e.g., real property or business taxes) affect budget allocation for services. In addition, the age difference and skewness toward veterans, with 68.42% serving 31+ years and peaks at 46-50 (19.73%) and 51+ years (20.31%). Minimal young individuals (3.28% under 25 years) indicate entrenched expertise in tax administration and budgeting. In terms of the respondent's profile and position, most of the respondent's frontline Clientele/Barangay Officials comprised 67.10%, dwarfing admin roles (e.g., 3.94% Department Heads). This mirrors LGU hierarchies, emphasizing tax collection and service delivery at the public concerns. Furthermore, the respondents represent an experienced, frontline-dominant workforce well-positioned to assess tax policy impacts on budget performance and service provision. The ages of the respondents also signal institutional memory for navigating Republic Act 7160's fiscal frameworks yet may entrench resistance to progressive tax reforms. The Nagcarlan-Rizal split highlights inter-municipal disparities might be affected due to the larger samples from Nagcarlan, it could capture stronger budget outcomes from diversified local taxes, aligning with studies showing tax effort correlates with service quality (Manasan, 2019).

TABLE 4. Status of the Local Tax Policies in the Municipality of Nagcarlan and Rizal with Regards to Tax Rate Structure

Indicative Statement	Mean	SD	Remarks	Verbal Interpretation
The municipality's tax rate structures				
1. Tax rates support the funding requirements of basic public services.	3.23	0.55	Agree	Moderately High
2. Tax rate structures are aligned with the economic realities of the residents.	3.18	0.45	Agree	Moderately High
3. Tax rates are designed to both encourage business growth and generate local revenue.	3.18	0.55	Agree	Moderately High
4. The current tax rate structures in Nagcarlan /Rizal are effective in generating sufficient revenue for the local government.	3.12	0.64	Agree	Moderately High
5. Local government is effective enough in revising tax rates based on community and stakeholder feedback.	3.08	0.55	Agree	Moderately High
Overall Mean and Standard Deviation	3.16	0.55	Agree	
Overall Interpretation	Moderately High Tax Rate Structure			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low.

Respondents agree that tax rate structures are aligned with the economic realities of the residents (M = 3.18; SD = 0.45), and that these tax rates support the funding requirements of basic public services (M = 3.23; SD = 0.55). They likewise agree that the local government is effective enough in revising tax rates based on community and stakeholder feedback (M = 3.08; SD = 0.55), and that the current tax rates are designed to both encourage business growth and generate local revenue (M = 18; SD = 0.55). Furthermore, respondents agree that the current tax rate structures in Nagcarlan and Rizal are effective in generating sufficient revenue for the local government (M = 3.12; SD = 0.64). This pattern of "Agree" responses suggests that the LGU's tax-rate design is perceived as reasonably consistent with the revenue-assignment and fiscal-decentralization framework under the Local

Government Code (RA 7160), which allows municipalities to set their own tax rates within prescribed ceilings and mandates periodic but limited adjustments (once every five years and by no more than 10%). The “moderately high” overall mean of 3.16 indicates that respondents judge the tax-rate structure as adequate but not yet at an optimal level, echoing findings from national analyses that LGU-generated revenues often remain constrained despite expanded devolution because of fixed rate ceilings and limited own-source autonomy. The relatively small standard deviation (SD = 0.55) implies that respondents share a uniform perception of the tax-rate system, suggesting that the structure is generally understood and that there is broad consensus among key stakeholders, such as barangay officials, business owners, and professional taxpayers about its fairness and practicality. This consistency in ratings aligns with studies on local taxation and governance that note how predictable, transparent, and consultation-based tax-rate revisions tend to improve public trust and perceived legitimacy of local revenue measures. However, the item with the lowest mean, “The current tax rate structures in Nagcarlan /Rizal are effective in generating sufficient revenue for the local government” (M = 3.12) this signals that respondents perceive the revenue-raising function of the tax structure as relatively weaker than its alignment with economic realities and service-delivery purposes. This finding resonates with broader assessments of Philippine local finance, which show that many LGUs still rely heavily on national transfers and struggle to fully finance development functions through local tax effort alone. To address this gap, the municipality may consider adopting more systematic revenue-impact assessments, benchmarking tax-rate practices against neighboring LGUs, and deepening stakeholder consultations before rate revisions approaches that have been shown to improve both revenue sufficiency and taxpayer acceptance in other Philippine LGUs. These steps would support the principles of good local governance, including transparency, accountability, and participative decision-making, which are increasingly emphasized in national governance frameworks and local-finance excellence programs. Individual item means range from 3.08 to 3.23, all falling in the “Agree” (2.50–3.24) range per your legend, suggesting consistent positive perceptions across funding support, revisions, business growth, and revenue generation. Standard deviations (0.45–0.64) are low to moderate, implying limited variability in responses, most respondents clustered near the mean without strong polarization. The overall SD of 0.55 reinforces agreement homogeneity, though item 5 shows slightly more spread (0.64), possibly due to debates on revenue sufficiency. The perception that local tax rate structures in Nagcarlan and Rizal are aligned with residents’ economic realities and support basic public services is consistent with findings from international and Philippine studies. Bahl and Bird (2008) argue that effective local tax systems must reflect local economic conditions and the capacity of residents to pay, noting that alignment enhances both compliance and service delivery. Similarly, it was observed that when local tax policies are responsive to community needs and economic circumstances, they are more likely to secure public support and produce adequate revenue for essential services. The positive rating given to the LGU’s responsiveness in revising tax rates based on community feedback aligns with findings by Alm, Aten, and Bahl (2001), who emphasize the importance of stakeholder consultation and transparency in tax policymaking. Their research shows that participative and transparent revision processes foster greater legitimacy and acceptance of local tax measures. In the Philippine context, Manasan (2020) highlights that the Local Government Code (RA 7160) provides for periodic tax rate adjustments and stakeholder involvement but also notes that strict ceilings and adjustment limits can constrain revenue generation—an issue reflected in respondents’ perception that sufficiency of local revenue remains a relative weakness. The uniformity of responses and low standard deviations observed in your survey are supported by Bird (2015), who finds that predictability and clarity in tax rate setting—alongside regular communication with taxpayers—lead to broader consensus and perceptions of fairness among stakeholders. This is further reinforced by Save the Children Philippines (2020), which documents how LGUs that practice regular stakeholder engagement and transparent fiscal management enjoy higher levels of taxpayer trust and compliance. However, the lower mean score for the sufficiency of revenue generation echoes national-level analyses that many Philippine LGUs remain reliant on national transfers and find it difficult to maximize their own-source revenues (Manasan, 2020). Literature suggests that systematic revenue impact assessments, benchmarking against similar LGUs, and deepening consultations can help address these gaps (De Vera & Capuno, 2021). Such practices are in line with international best practices on fiscal decentralization, which emphasize the need for local autonomy coupled with accountability and stakeholder participation (World Bank, 2017).

TABLE 5. Status of the Local Tax Policies in the Municipality of Nagcarlan and Rizal with Regards to Tax Collection Efficient Mechanism

Indicative Statement The municipal...	Mean	SD	Remarks	Verbal Interpretation
Current tax collection mechanism in Nagcarlan/Rizal ensures the timely collection of taxes.	3.24	0.51	Agree	Moderately High
Tax collection mechanism supports consistent budget performance for public services	3.23	0.55	Agree	Moderately High
Taxpayers are well informed about the procedures involved in tax payment.	3.20	0.63	Agree	Moderately High
Adequate system and support provided to taxpayers to facilitate easy tax payment.	3.18	0.58	Agree	Moderately High
The current tax collection process maximizes revenue without overburdening taxpayers	3.11	0.54	Agree	Moderately High
Overall Mean	3.19	0.56		
Overall Interpretation	Moderately High Efficient Tax Collection Mechanism			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

The table above shows that the status of tax collection mechanism in the Municipality of Nagcarlan and Rizal is "Moderately High" as it obtained the scores of (M=3.24, SD=0.51) with verbal interpretation "Agree" which means that the municipality's tax collection is timely. Moreover, taxpayers were informed on the procedures of tax payment as it obtained (M= 3.20, SD=0.63) verbally interpreted as "Agree". The current tax collection process maximizes revenue without overburdening taxpayers (M=3.11, S=0.54) "Agree". Tax collection mechanism supports consistent budget performance for public services (M=3.23, S=0.55) "Agree".

TABLE 6. Status of the Local Tax Policies in the Municipality of Nagcarlan and Rizal with Regards to Taxpayer Compliance

Indicative Statement The municipal...	Mean	SD	Remarks	Verbal Interpretation
Has satisfactory campaign and programs promoting tax compliance in the municipality.	3.19	0.60	Agree	Moderately High
Local government effectively monitors and tracks taxpayer compliance	3.16	0.57	Agree	Moderately High
Local tax policies in encouraging taxpayers to fulfil their tax obligations	3.15	0.58	Agree	Moderately High
Voluntary compliance among taxpayers were observed without the need for enforcement	3.09	0.51	Agree	Moderately High
There are incentives provided to taxpayers to improve compliance	2.88	0.67	Agree	Moderately High
Overall Mean	3.10	0.59		
Overall Interpretation	Moderately High Compliant			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

These results affirm functional tax policies fostering moderate compliance in Nagcarlan/Rizal LGUs, aligning with Philippine public administration trends where awareness campaigns boost voluntary payments yet incentives lag. The incentive shortfall (M=2.88) mirrors regional studies showing 20–30% compliance gains from rewards like fee waivers, warranting ordinance updates. Lower voluntarism (3.09) suggests enforcement-heavy approaches risk long-term resentment, recommending hybrid strategies for example, the use of digital tracking plus gamified campaigns to help elevate means toward "Very High." Moreover, "Moderate compliance

(M=3.10, SD=0.59) underscores policy viability but highlights incentive reforms to sustain revenue without coercion. The results presented in Table 6 indicate a moderately high level of effectiveness in the local tax policies of Nagcarlan and Rizal municipalities with respect to taxpayer compliance. This aggregate score reflects respondents' general agreement that these policies foster compliance. Individual items further substantiate this assessment. The local government's monitoring and tracking of compliance achieved the highest mean underscoring effective oversight mechanisms. Similarly, policies encouraging tax obligation fulfillment and municipal campaigns promoting compliance received strong endorsement, suggesting that proactive strategies contribute substantially to voluntary adherence. Notably, incentives for improved compliance scored lowest, though still within the "Agree" threshold.

TABLE 7. Status of the Local Tax Policies in the Municipality of Nagcarlan and Rizal with Regards to Transparency and Accountability

Indicative Statement	Mean	SD	Remarks	Verbal Interpretation
The municipality...				
Audit mechanisms in ensuring accountability of tax collection and utilization	3.26	0.55	Strongly Agree	Moderately High
The local government regularly publishes clear reports on budget performance	3.21	0.57	Agree	Moderately High
Local government address concerns related to tax policy and revenue management	3.20	0.53	Agree	Moderately High
Availability of information regarding how tax revenues are utilized.	3.16	0.57	Agree	Moderately High
Taxpayers have easy access to relevant tax policy documents and guidelines	3.14	0.58	Agree	Moderately High
Overall Mean	3.19	0.56		
Overall Interpretation	Moderately High Transparency and Accountability			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

Table 7 reveals a moderately high status for transparency and accountability in the local tax policies of Nagcarlan and Rizal municipalities, supported by an overall mean of 3.19 (SD = 0.56) and the "Moderately High" interpretation. Key strengths emerge across items. Audit mechanisms for tax collection and utilization garnered the highest endorsement. Regular publication of clear budget performance reports followed closely as did responsiveness to taxpayer concerns on tax policy and revenue management. Availability of information on tax revenue utilization and access to policy documents also aligned with agreement, reflecting accessible communication channels.

TABLE 8. Perception of the Taxpayers of Nagcarlan and Rizal Laguna in with Regards to Public Service Provisions as to Accessibility of Quality Service

Indicative Statement	Mean	SD	Remarks	Verbal Interpretation
The municipality... Have effective communication efforts in informing the public about available services.	3.18	0.60	Agree	Moderately High
Budget allocation from tax revenues enhances service accessibility	3.18	0.53	Agree	Moderately High

Local tax revenues positively influence the availability of quality public services.	3.14	0.56	Agree	Moderately High
Public infrastructure supports easy access to essential services due to appropriate tax policies of the municipality.	3.13	0.58	Agree	Moderately High
The quality-of-service provision is consistent across different areas of your locality.	3.11	0.61	Agree	Moderately High
Overall Mean	3.15	0.58		
Overall Interpretation	Moderately High Accessibility to Quality Service			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

Table 8 demonstrates a moderately high assessment of public service provisions regarding accessibility of quality service. This indicating positive yet qualified views on how local tax policies translate into service delivery. Respondents affirmed key linkages between taxation and accessibility. Effective communication about available services and budget allocations from tax revenues highlighting perceived strengths in public outreach and resource distribution. The influence of tax revenues on service availability and infrastructure supporting access received comparable agreement, while consistency of service quality across areas was slightly lower. Therefore, taxpayers recognize tax-funded enhancements to service accessibility, consistent with local governance dynamics in Laguna where fiscal policies underpin infrastructure and equity. Opportunities for improvement lie in addressing areal inconsistencies to bolster overall equity.

TABLE 9. Perception of the Taxpayers of Nagcarlan and Rizal Laguna in with Regards to Public Service Provisions as to Public Trust and Perception of Governance

Indicative Statement	Mean	SD	Remarks	Verbal Interpretation
The municipality...				
Tax policies positively influence the responsiveness of government services to community needs.	3.14	0.56	Agree	Moderately High
Local government budgets prioritize essential public services over non-essential projects.	3.13	0.58	Agree	Moderately High
Tax-funded budgets result in timely delivery of infrastructure projects (e.g., roads, water systems).	3.12	0.59	Agree	Moderately High
Tax policies adequately consider the economic capacity of low-income households.	3.05	0.55	Agree	Moderately High
Changes in tax policies are clearly communicated to the public in advance.	3.04	0.60	Agree	Moderately High
Overall Mean	3.09	0.58		
Overall Interpretation	Moderately High Public Trust and Governance			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

The table no.9 shows that the taxpayers perception and trusts in the municipal governance in Nagcarlan and Rizal in terms of provision of public services despite having the lowest mean this underscore that taxpayers in Nagcarlan-Rizal perceived that tax policies were communicated to public in advance however, this shows the least score among the others. Taxpayers provided policies regarding the economic capacity of low-income households. The results among tax funded budgets, responsiveness of government in the public needs and prioritization of essential public services over non-essential services thus it pertains that the taxpayers were positive in terms of the various services provided by the municipalities of Nagcarlan and Rizal through their effective and efficient tax policies. The results shows that a positive impact among taxpayers were exercised in these municipalities allowing the tax policies to be effective.

TABLE 10. Perception of the Taxpayers of Nagcarlan and Rizal Laguna in with Regards to Public Service Provisions as to Infrastructure Development

Indicative Statement	Mean	SD	Remarks	Verbal Interpretation
The municipality...				
The quality of infrastructure has improved due to better tax policy implementation.	3.13	0.57	Agree	Moderately High
Infrastructure spending is aligned with long-term local development plans.	3.13	0.60	Agree	Moderately High
Transparency in tax revenue use improves public confidence in infrastructure spending.	3.12	0.57	Agree	Moderately High
Local tax revenues adequately support infrastructure development projects.	3.05	0.63	Agree	Moderately High
Tax revenues reduce dependence on external funding for infrastructure projects.	3.01	0.61	Agree	Moderately High
Overall Mean	3.09	0.60		
Overall Interpretation	Moderately High Infrastructure Development			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

As infrastructure provide various comfort among taxpayers and residents of a municipality and shows growth in economy. The table above has shown that the provision of public services as to infrastructure development in Nagcarlan-Rizal was positively perceived by the taxpayers. The local tax revenues dependence on external funding for infrastructure obtained the least mean score (M=3.01; S=0.61), followed by the local tax revenues adequate support in infrastructure development projects (M=3.05; S=0.63) this two had shown that the least perceived in terms of public provision to infrastructure lies in external funding and the supports of local tax revenues to project development. The transparency in tax revenues, quality of infrastructure and the spending was aligned with the long-term development goal which obtained the mean scores of 3.12,3.13 and 3.13 respectively with verbal interpretation of "Agree" that there is positive impact of services of the local municipalities and the infrastructure developments.

TABLE 11. Perception of the Taxpayers of Nagcarlan and Rizal Laguna in with Regards to Public Service Provisions as to Social Program Accessibility

Indicative Statement	Mean	SD	Remarks	Verbal Interpretation
The municipality...				
The municipality uses tax funds responsibly to support health and education services.	3.20	0.58	Agree	Moderately High
The local government regularly updates its social programs based on tax revenue performance.	3.14	0.56	Agree	Moderately High
Tax policies ensure equitable access to social services for vulnerable groups.	3.11	0.57	Agree	Moderately High
Local tax policies prioritize funding for social safety nets and poverty alleviation.	3.09	0.57	Agree	Moderately High
Social programs funded by local taxes reach marginalized populations effectively.	3.09	0.62	Agree	Moderately High
Overall Mean	3.13	0.58		
Overall Interpretation	Moderately High Accessibility to Social Programs			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

In the context of local governance in Nagcarlan and Rizal, Laguna, taxpayers' views on how public service provisions specifically social program accessibility tie into tax utilization reveal a moderately high level of approval, as captured in Table 8. The overall mean score of 3.13 (SD = 0.58) falls squarely within the "Agree" range (2.50–3.24), this signals that the residents generally endorse the municipalities' efforts to channel tax revenues into equitable social support systems. This aligns and support the study of Raagas et al., (2022) on Laguna's fiscal decentralization whereas the fiscal responsibility in local government units (LGUs) often hinges on visible links between revenue collection and community welfare. Narrowing down the indicative statements, the highest mean (3.20, SD = 0.58) emerges for the notion that the municipality uses tax funds responsibly to support health and education services. The results stand out that the score suggests taxpayers prioritize tangible outcomes in essential services; a finding echoed in studies on Philippine LGUs where health and education allocations from local taxes foster trust (Brillantes & Moscare, 2020). Close behind, at 3.14 (SD = 0.56), is agreement that "the local government regularly updates its social programs based on tax revenue performance," implying residents appreciate adaptive fiscal strategies amid fluctuating local revenues—perhaps influenced by Laguna's agricultural and remittance-driven economy. Slightly lower but still affirmative scores cluster around 3.09–3.11, covering equitable access for vulnerable groups, prioritization of safety nets, and effective reach to marginalized populations. The modest standard deviations (0.57–0.62) indicate consistent views across respondents, with little polarization. Yet, these means hover near the lower boundary of "Agree," hinting at lingering skepticism. For instance, the 3.09 mean (SD = 0.62) for programs reaching marginalized groups may reflect implementation gaps, such as geographic barriers in rural Laguna barangays or bureaucratic delays common in devolved social services under Republic Act 7160 (the Local Government Code). In Nagcarlan and Rizal—semi-rural LGUs with limited internal revenue allocation (IRA) dependence—such views could bolster voluntary tax efforts, especially if paired with transparency measures. However, the overall score's proximity to the "Disagree" threshold (below 2.50) underscores a need for targeted enhancements, like digital tracking of tax-funded programs to address the mild variability in responses.

TABLE 12. Level of the Municipalities' Local Tax Policy Implementation with Regards to Revenue Adequacy

Indicative Statement	Mean	SD	Remarks	Verbal Interpretation
The municipal...				
Local tax revenues directly affect the quality of public services provided.	3.23	0.59	Agree	Moderately High
Revenue collection impacts the availability of social welfare programs.	3.18	0.57	Agree	Moderately High
The availability of basic public services reflects the municipality's revenue resources.	3.17	0.50	Agree	Moderately High
The municipality's revenue streams are sufficient for expanding public service coverage.	3.06	0.64	Agree	Moderately High
Municipality's revenue is sufficient to fund quality public services	3.04	0.69	Agree	Moderately High
Overall Mean	3.14	0.60		
Overall Interpretation	Moderately High			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

Taxpayers in Nagcarlan and Rizal, Laguna, perceive the municipalities' local tax policy implementation as moderately high in supporting revenue adequacy, per Table 9's overall mean of 3.14 (SD = 0.60), which lands in the "Agree" band (2.50–3.24). This outlook underscores a belief that current revenue frameworks, despite constraints typical of fourth- and fifth-class LGUs, adequately underpin public service delivery—a key pillar of fiscal federalism in the Philippines (Manasan, 2019). Such perceptions matter for policy sustainability, as they

signal potential for enhanced compliance in revenue-strapped areas reliant on real property and business taxes. Individual items reveal strengths in perceived linkages between revenues and service outcomes. The top score, 3.23 (SD = 0.59), affirms that "local tax revenues directly affect the quality of public services provided," reflecting residents' grasp of fiscal causality amid Laguna's post-pandemic recovery efforts. Similarly, 3.18 (SD = 0.57) for revenue collection's impact on social welfare programs and 3.17 (SD = 0.50) for basic services mirroring revenue resources show tight consensus (low SDs), likely rooted in observable allocations like barangay health centers or livelihood aid. Lower but affirmative means—3.04 (SD = 0.69) for revenue sufficiency in funding quality services and 3.06 (SD = 0.64) for expanding coverage—point to cautious optimism tempered by variability. Higher SDs here suggest diverse experiences, perhaps among urbanizing vs. rural taxpayers, where expansion lags due to IRA shortfalls or collection inefficiencies under the Ease of Paying Taxes Act (Republic Act 11976). These scores, edging the "Agree" floor, echo challenges in resource-poor LGUs, where revenue adequacy often falters without diversification (e.g., local tax policies in nearby towns). From a theoretical standpoint, these findings bolster public choice theory's emphasis on revenue-service alignment to mitigate free-rider issues. In Laguna's context, the moderately high rating implies tax policies foster accountability, yet gaps in expansion adequacy call for reforms like performance-based incentives for collectors. Compared to regional benchmarks, Nagcarlan and Rizal surpass averages from a 2023 DILG Laguna report (means around 2.95), attributing outperformance to localized anti-evasion drives, though broader revenue growth remains pivotal for "Strongly Agree" thresholds.

TABLE 13. Level of the Municipalities' Local Tax Policy Implementation with Regards to Budget Utilization Rate

Indicative Statement The municipal...	Mean	SD	Remarks	Verbal Interpretation
Budget utilization is transparent and accountable.	3.22	0.62	Agree	Moderately High
The municipality efficiently utilizes its budget for public service provision.	3.21	0.57	Agree	Moderately High
Municipality allocates budget funds to maintain quality public services.	3.17	0.63	Agree	Moderately High
Budget utilization supports the expansion of public service coverage.	3.16	0.59	Agree	Moderately High
Budget utilization reflects community priorities and needs.	3.14	0.60	Agree	Moderately High
Overall Mean	3.18	0.60		
Overall Interpretation	Moderately High Adequate Revenue			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

Respondents from Nagcarlan and Rizal, Laguna, rate the municipalities' local tax policy implementation as moderately high regarding budget utilization rate, with Table 13 showing an overall mean of 3.18 (SD = 0.60) in the "Agree" category (2.50–3.24). This perception highlights a solid foundation in translating tax-derived budgets into public services, vital for LGUs navigating fiscal autonomy under the 1991 Local Government Code.

In resource-constrained settings like these, such views reinforce the role of efficient spending in building taxpayer legitimacy (Boholano, 2021). The data points to strengths in accountability and maintenance. Leading at 3.22 (SD = 0.62) is the statement on transparent and accountable budget utilization, followed closely by 3.21 (SD = 0.57) for efficient use in service provision. These elevated scores, with moderate SDs, suggest residents value oversight mechanisms—perhaps annual barangay assemblies or online portals—amid Laguna's push for digital governance. Allocation for maintaining service quality scores 3.17 (SD = 0.63), indicating sustained trust in core functions like infrastructure upkeep. Slightly trailing are 3.16 (SD = 0.59) for supporting service expansion and 3.14 (SD = 0.60) for reflecting community priorities, where means brush the "Agree" midpoint.

The subtle spread in SDs hints at uneven experiences, possibly from delays in capital outlays or mismatched priorities in flood-prone areas. These nuances align with common critiques in devolved budgeting, where

utilization rates often stall at 80-90% due to procurement hurdles (COA, 2024 Laguna audit summaries). Theoretically, this moderately high rating supports new public management principles, emphasizing results-oriented spending to align budgets with citizen expectations.

Locally, it outperforms provincial averages; a comparative study in Quezon noted means of 3.02 for similar items (Reyes, 2022), crediting Nagcarlan and Rizal's edge to streamlined supplemental budgets. Still, inching toward "Strongly Agree" requires bolstering participatory processes, like citizen scorecards, to address expansion gaps.

TABLE 14. Level of the Municipalities' Local Tax Policy Implementation with Regards to Efficiency of Fund Allocation

Indicative Statement The municipal...	Mean	SD	Description	Verbal Interpretation
The municipality balance fund allocation between infrastructure and social programs.	3.11	0.57	Agree	Moderately High
Fund allocation supports timely implementation of public services.	3.09	0.61	Agree	Moderately High
Allocated funds reach intended service areas and beneficiaries	3.07	0.61	Agree	Moderately High
Fund allocation matches the actual needs of the community.	2.99	0.63	Agree	Moderately High
Local officials allocate funds fairly across different sectors.	2.96	0.68	Agree	Moderately High
Overall Mean	3.04	0.62		
Overall Interpretation	Moderately High Efficient			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

In Nagcarlan and Rizal, Laguna, taxpayers view the efficiency of fund allocation under local tax policies as moderately high, reflected in Table 14's overall mean of 3.04 (SD = 0.62), fitting the "Agree" range (2.50–3.24). This assessment points to functional—but not flawless—distribution of tax proceeds, a cornerstone of effective LGU performance amid fiscal decentralization pressures (Capuno, 2020). For these municipalities, where agriculture and small enterprises drive limited revenues, such perceptions hint at pragmatic allocation amid competing demands. In addition, the items at 3.11 (SD = 0.57) is balanced allocation between infrastructure and social programs, with its low SD signaling broad agreement is likely from visible road repairs alongside health initiatives post-Typhoon Rolly. Close scores of 3.09 (SD = 0.61) for timely service implementation and 3.07 (SD = 0.61) for funds reaching intended beneficiaries reinforce efficiency in execution, underscoring streamlined disbursement in a province prone to natural disruptions. Weaker perceptions cluster lower: 2.99 (SD = 0.63) for matching community needs and a notably subdued 2.96 (SD = 0.68) for fair sectoral allocation. Elevated SDs here expose fissures, perhaps from urban-rural divides or perceived favoritism toward infrastructure over welfare in budget briefs.

These near threshold means evoke familiar tensions in Philippine LGUs, where political economy influences skew equity (World Bank, 2023). Relative to peers, Nagcarlan and Rizal edge ahead of Laguna baselines (means ~2.88 in a 2022 BLGF survey), owing to multi-sector planning, though fairness lags signal audit vulnerabilities.

TABLE 15. Level of the Municipalities' Local Tax Policy Implementation with Regards to Efficiency of Fiscal Discipline

Indicative Statement The municipality...	Mean	SD	Remarks	Verbal Interpretation

Local government follows proper procurement and expenditure procedures.	3.30	0.60	Agree	Moderately High
Financial management complies with rules and regulations.	3.25	0.54	Agree	Moderately High
Fiscal discipline supports long-term planning and investment in public services.	3.21	0.52	Agree	Moderately High
Fiscal discipline improves the quality of public service delivery.	3.20	0.54	Agree	Moderately High
Fiscal discipline enhances transparency in public resource use.	3.18	0.55	Agree	Moderately High
Overall Mean	3.23	0.55		
Overall Interpretation	Moderately High Efficient			

Note: N=152 The mean is interpreted as follows: 3.41–4.00=Very High, 2.81–3.40=High, 2.21–2.80=Moderate, 1.61–2.20=Low, 1.00–1.60=Very Low

The overall mean score of 3.23 (SD = 0.55) indicates "Moderately High" agreement that local tax policies effectively foster fiscal discipline. All statements garnered "Agree" ratings (M= 3.18–3.30), with the highest for procurement/expenditure adherence (M = 3.30, SD = 0.60) and the lowest for service quality improvement (M = 3.20, SD = 0.54). Low standard deviations (< 0.60) suggest consensus among respondents, reflecting veteran LGU staff's consistent views (as per prior demographics).

This moderately high level aligns with the scale's threshold, falling just below "Very High" (3.25+), implying solid but improvable implementation. These findings affirm that tax policies in Nagcarlan and Rizal LGUs moderately enhance fiscal discipline, positively impacting budget performance and public service provision under the Local Government Code (RA 7160).

The strong procurement score (M = 3.30) highlights compliance with DBM circulars and GPPB rules, crucial for efficient tax revenue utilization amid IRA volatility (BLGF, 2024). Transparency (M = 3.18) and long-term planning (M = 3.21) scores suggest tax collections that support accountable budgeting, echoing Manasan's (2019) evidence that high tax effort boosts fiscal health.

However, the slightly lower service delivery score (M = 3.20) indicates a disconnect and fiscal rigor may prioritize compliance over outcomes like faster permits or infrastructure, a common Philippine LGU challenge (World Bank, 2022). Given respondents' frontline dominance (67% barangay officials), perceptions likely stem from direct exposure to tax-funded services.

This result supports principal-agent theory, where fiscal discipline aligns LGU agents with public principals through transparent tax mechanisms. Practically, it validates Hypothesis of this research study on tax policies, it positively affects fiscal efficiency, urging reforms like digital tax platforms for "Very High" thresholds.

TABLE 16. Effect of Local Tax Policies on Public Service Provision

Local Tax Policies	Public Service Provision			
	QPSD	PTPG	ID	SPA
TRS	r = .630 Moderate t = 9.941** p < .001	r = .637 Moderate t = 10.108** p < .001	r = .640 Moderate t = 10.193** p < .001	r = .662 Moderate t = 10.806** p < .001
TCEM	r = .738 High t = 13.388** p < .001	r = .679 Moderate t = 11.338** p < .001	r = .648 Moderate t = 10.429** p < .001	r = .662 Moderate t = 10.832** p < .001

TC	r=.727** High t=12.961** p < .001	r=.700 High t=11.994** p < .001	r=.688 Moderate t=11.957** p < .001	r=.701 High t=12.035** p < .001
TA	r=.847 High t=19.55** p < .001	r=.771 High t=14.835** p < .001	r=.682 Moderate t=11.416** p < .001	r=.797 Moderate t=16.182** p < .001

Note. N=152. Cell contains Pearson r correlation coefficient, interpretation of its strength, and its corresponding p value *p<.05.

Table 16 reports Pearson correlation coefficients (r), significance tests (t), and p-values examining the relationship between local tax policies (TC = Tax Collection, TCEM = Tax Collection Efficiency Monitoring, TA = Tax Administration) and public service provision dimensions (QPSD = Quality of Public Service Delivery, PTPG = Promptness in Transaction Processing and Granting, ID = Infrastructure Development, SPA = Social Protection Assistance, TRS = Timely Response to Services).

The above table have shown that all correlations are positive and highly significant (p < .001, t > 9.941), supporting a direct effect of tax policies on service provision. Tax Administration (TA) shows the strongest links, peaking at r = .847 with QPSD indicating enhanced fiscal practices drive service quality. Tax Collection (TC) and TCEM yield mostly "High" (r ≥ .70) for QPSD, PTPG, and SPA, but "Moderate" for infrastructure (ID) and timeliness (TRS). Overall R-values (0.630–0.847) explain 40–72% shared variance (r²), with low p-values rejecting the null hypothesis of no relationship.

These results have confirmed that local tax policies significantly enhanced the public service provision in Laguna Local Government Units, validating the research hypothesis that the tax policies positively impact service outcomes via budget performance). TA's dominance (mean r ≈ .77) aligns with RA 7160's emphasis on efficient administration, where streamlined processes (e.g., digital BIR-LGU integration) amplify revenue for QPSD and PTPG—critical for citizen satisfaction (Manasan, 2019). High TC-TCEM correlations with social protection (SPA, r > .66) suggest tax revenues directly fund frontline services, resonating with respondents' veteran profiles who witness IRA supplementation. Furthermore, moderate ID links (r = 0.64–0.682) highlight bottlenecks: tax proceeds may prioritize recurrent over capital spending, a fiscal federalism flaw in the Philippines (World Bank, 2022). This reflects the Table 13's fiscal discipline findings, where procurement adherence enhance implementation, but service translation lagged.

The results support fiscal capacity theory which states that the stronger tax levers (TA > TCEM > TC) yield better outcomes, while practically urging LGUs to invest in monitoring technology for "High" thresholds across all dimensions. Compared to demographics, frontline bias may inflate service perceptions. These findings echo what we have read in local governance lit, like those DepEd or DILG reports on fiscal decentralization, the tax autonomy ramps up service accountability, but only if collections stick. The r values (.630-.847) beat out weaker ties in urban-heavy studies (say, .40s in Metro Manila setups), likely because Laguna's rural-municipal mix amplifies tax leverage on essentials. Practically, these findings recommend that the LGUs refine their existing ordinances that streamline real property tax assessments to boost TCEM flows, targeting that .738 R thereby optimizing the research correlations. Given the highly significant t-values (all ** at 1%), so policy makers may consider these results.

TABLE 17. Effect of Local Tax Policies on Budget Utilization

Local Tax Policies	Budget Utilization			
	RA	BU	EFA	FD
TRS	r=.671 Moderate t=11.084 p < .001	r=.556 Moderate t=8.202 p < .001	r=.615 Moderate t=9.547** p < .001	r=.470 Small t=6.529** p < .001

TCEM	r=.632 Moderate t=9.996** p < .001	r=.692 Moderate t=11.745** p < .001	r=.633 Moderate t=10.011** p < .001	r=.657 Moderate t=10.666** p < .001
TC	r=.676 Moderate t=11.230** p < .001	r=.649 Moderate t=10.442** p < .001	r=.665 Moderate t=10.901** p < .001	r=.573 Small t=8.571** p < .001
TA	r=.683 Moderate t=11.466** p < .001	r=.738 High t=13.408** p < .001	r=.709 Moderate t=12.328** p < .001	r=.714 Moderate t=12.497** p < .001

Note. N=152. Cell contains Pearson r correlation coefficient, interpretation of its strength, and its corresponding p value *p<.05.

Table 17 presents Pearson correlation coefficients (r), t-values, and p-values assessing relationships between local tax policies (rows: TC = Tax Collection, TCEM = Tax Collection Efficiency Monitoring, TA = Tax Administration) and budget utilization dimensions (columns: RA = Revenue Adequacy, BU = Budget Utilization, EFA = Efficiency of Fund Allocation, FD = Fiscal Discipline). Data derived from 152 LGU respondents in Nagcarlan and Rizal. All correlations are positive and highly significant, rejecting the null hypothesis of no relationship. Tax Administration (TA) demonstrates the strongest effects, with a high correlation to Budget Utilization and moderate ties. Tax Collection (TC) and TCEM show consistent moderate strength, except TC-FD. Fiscal Discipline (FD) exhibits the weakest links. These results substantiate that local tax policies drive budget utilization in Laguna LGUs, complementing Table 14's service provision findings and validating the mediation hypothesis (tax policies → budget performance → services). TA's dominance underscores administrative efficiency for example of the streamlined assessments under RA 7160, this is as pivotal for revenue-to-spending conversion, particularly BU, where veteran respondents likely observe direct impacts. In addition, moderate RA/EFA correlations reflect functional but constrained fiscal capacity, echoing revenue adequacy and external funding reliance. Weaker FD links signal compliance priorities over strategic discipline, consistent with procurement strengths but service translation lags. Practically, findings urge LGUs to prioritize TA enhancements like digital platforms, targeting high thresholds to amplify utilization rates. This results and discussion further support fiscal federalism, where policy levers mitigate IRA volatility.

TABLE 18. Effect of Budget Utilization on Public Service Provision

Budget Utilization	Public Service Provision			
	QPSD	PTPG	ID	SPA
RA	R=.710 Moderate T=12.365** p < .001	R=.703 Moderate T=12.091** p < .001	R=.760 Moderate T=14.321** p < .001	R=.786 Moderate T=15.556** p < .001
BU	R=.803 High T=16.530** p < .001	R=.795 Moderate T=16.075** p < .001	R=.720 Moderate T=12.702** p < .001	R=.795 High T=16.048** p < .001
EFA	R=.785 Moderate T=15.519** p < .001	R=.805 High T=16.596** p < .001	R=.777 Moderate T=15.128** p < .001	R=.828 High T=18.057 High
FD	R=.710 Moderate T=12.365** p < .001	R=.795 Moderate T=16.075 p < .001	R=.696 Moderate T=11.874** p < .001	R=.744 Moderate T=13.624** p < .001

Note. N=152. Cell contains Pearson r correlation coefficient, interpretation of its strength, and its corresponding p value *p<.05.

Based on the computation, it shows that they are correlated and has a positive effect. This means that a good tax policies and structures would result to quality service and program access as well as efficient outcomes. This is clearly manifested by positive higher r values and probability values less than .001 indicative of acquiring significant effect. The correlation analysis in Table 16 reveals and shows positive relationship between budget utilization and public service provision indicators among Laguna municipalities. All Pearson r coefficients range from moderate (r = .696) to high (r = .828), with t-values spanning 11.874 to 18.057 (all p < .001, **highly significant at the 1% level). Moreover, the budget utilization (BU) exhibits high correlations with quality of public service delivery (QPSD; r = .803) and performance in terms of public goods (PTPG) and staff performance appraisal (SPA; both r = .795). Efficiency of fund allocation (EFA) shows comparable strength, particularly with PTPG (r = .805) and SPA (r = .828). Regular appropriations (RA) and financial dependability (FD) yield consistent moderate associations, notably RA with SPA (r = .786) and infrastructure development (ID; r = .760). These findings affirm that effective budget execution enhances service outcomes, mediating the influence of local tax policies observed in Tables 16 and 17. This aligns with fiscal decentralization literature (e.g., DILG, 2023), where higher absorption rates correlate with improved public goods provision.

Local taxation plays a vital role in strengthening the financial capability of Local Government Units (LGUs) and ensuring the effective delivery of public services to the community. Efficient tax policies and collection systems enable municipalities to generate sufficient revenues that support infrastructure development, social programs, and economic growth. However, challenges such as low taxpayer compliance, outdated revenue codes, limited transparency, and inefficient collection methods may affect the fiscal performance of local governments.

In response to these challenges, here is a proposed action plan for the Municipalities of Nagcarlan and Rizal that aimed at improving local tax policies and enhancing revenue administration. This action plan focuses on updating tax rate structures, improving collection efficiency, increasing taxpayer compliance, strengthening transparency, optimizing budget utilization, improving service delivery, and promoting fiscal discipline. Through the implementation of these strategies, the municipalities aim to achieve better financial performance, increase public trust, and support sustainable local development.

Its objective is to strengthen the local tax policies and revenue administration systems of the Municipalities of Nagcarlan and Rizal to improve revenue generation, fiscal management, and public service delivery.

Furthermore, the action plan aims to enhance the capacity of local government offices to efficiently manage financial resources, implement evidence-based budgeting practices, and deliver quality public services. Through the implementation of these strategies, the municipalities aspire to achieve improved financial performance, increased public trust and confidence in local governance, and a more sustainable fiscal environment.

Ultimately, the objective of this action plan is to strengthen the local tax policies and revenue administration systems of the Municipalities of Nagcarlan and Rizal to improve revenue generation, fiscal management, and public service delivery, thereby contributing to long-term socio-economic growth and sustainable local development.

Objectives	Strategies/Activities	Responsible Office	Timeline	Budget Allocation/Sources	Expected Output
Improve Tax Rate Structure	Conduct Tax Mapping and Ordinance Review	Treasurer, Assessor	6–12 months	(e.g 20,000 for mapping and posting of campaign paraphernalia)	Updated Revenue code
Enhance collection efficiency	Develop e-payment systems, one-stop centers	Treasurer, IT Unit	1–2 years	(e.g 100,000 for development of e-payment system)	Faster, transparent collection
Increase	Tax education	LGU,	Year-round	(e.g 20,000 for	Higher compliance

taxpayer compliance	campaigns, incentives	Barangays		campaign materials)	rate
Strengthen transparency	Publish reports, create online portals	Budget Office, PIO	Year-round	LOCAL FUNDS	Improved public trust
Optimize budget utilization	Implement performance-based budgeting	Budget, Planning Office	1–2 years	LOCAL FUNDS	Efficient fund allocation
Improve service delivery	Expand e-services, infrastructure projects	All departments	Year-round	(e.g 50,000 for maintenance of e-services)	Better service access
Strengthen fiscal discipline	Enforce financial controls, revenue programs	Finance Committee	2–3 years	LOCAL FUNDS	Sustainable finances

Proposed Action Plan for Strengthening Local Tax Policies in the Municipalities of Nagcarlan and Rizal

SUMMARY, CONCLUSION AND RECOMMENDATIONS

Summary of Research Findings

The study found that the local tax policies of Nagcarlan and Rizal, Laguna were generally perceived by respondents as moderately high. Taxpayer compliance, transparency and accountability, revenue adequacy, efficiency of fund allocation, budget utilization, and fiscal discipline all received favorable ratings, indicating that respondents generally agreed that the municipalities’ tax policies support sound fiscal management and public service delivery. In terms of taxpayer compliance, the municipalities were rated as moderately high, with strong results in monitoring compliance, encouraging payment of tax obligations, and conducting campaigns for compliance, although incentives for improved compliance received the lowest rating. Transparency and accountability also obtained a moderately high rating, with audit mechanisms, clear budget reports, and responsiveness to taxpayer concerns emerging as major strengths. For public service provision, respondents rated accessibility of quality services, public trust and perception of governance, infrastructure development, and social program accessibility as moderately high. The results suggest that local tax revenues are viewed as helping improve service delivery, infrastructure, and social welfare programs, though some areas such as equitable access and consistency of services across localities still need improvement. Moreover, the study further showed that revenue adequacy and budget utilization were both rated moderately high, indicating that respondents believe local revenues are sufficient to support public services and that funds are being used in a generally efficient, transparent, and accountable manner. Fiscal discipline also received a moderately high assessment, reflecting positive views on compliance with rules, proper procurement, transparency in public resource use, and long-term planning.

Furthermore, the correlation results revealed that local tax policies have a significant positive relationship with budget utilization and public service provision. This means that stronger tax policy implementation is associated with better budget performance and improved public service outcomes in the municipalities studied. The findings of the study revealed that the local tax policies of Nagcarlan and Rizal, Laguna were perceived as moderately high in effectiveness. Respondents generally agreed that the municipalities demonstrate acceptable levels of taxpayer compliance, transparency and accountability, revenue adequacy, budget utilization, and fiscal discipline. Likewise, public service provision in terms of accessibility of quality services, public trust and perception of governance, infrastructure development, and social program accessibility was also rated moderately high. The results further showed that local tax policies are significantly and positively related to

budget utilization and public service provision, indicating that effective tax policy implementation contributes to improved fiscal performance and service delivery in the municipalities.

Conclusions

The following are the conclusions formed based on the data collected, analyzed and interpreted in this research study.

Local tax policies in Nagcarlan and Rizal are rated moderately high across rate structures, collection, compliance, transparency, revenue adequacy, budget utilization, fund allocation, and fiscal discipline. These policies significantly enhance budget performance, with tax administration showing the strongest effects. Tax policies also positively influence public service provision by improving accessibility, trust, infrastructure, and social programs. Frontline respondents affirm that these practical benefits persist despite reliance on the Internal Revenue Allotment (IRA), and the municipalities outperform provincial benchmarks. Overall, the findings validate the hypothesis of positive tax–budget–service pathways under RA 7160 and support the conclusion that strengthened local fiscal systems lead to better governance outcomes in Nagcarlan and Rizal.

Recommendations

The following recommendations were derived from the research findings.

1. Despite having efficient collection mechanism, the LGUs of Nagcarlan and Rizal are encouraged to implement incentive-based programs and digital monitoring to further improve taxpayer compliance.
2. The LGUs should review and refine their local tax structure to enhance greater fiscal autonomy, ensuring sustained budget utilization and infrastructure development.
3. Local Government Units must conduct regular revenue impact assessments and stakeholder consultations to inform tax policy decisions, optimize tax rates for growth while reducing external funding dependence.
4. Prioritize capacity-building to all government officials and employees to enhance fund allocation efficiency.
5. Future studies should adopt mixed methods and broader samples to validate these findings across LGUs, addressing the problem's focus on local governance challenges.

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APPROVAL SHEET

The thesis entitled “**THE IMPACT OF LOCAL TAX POLICIES ON BUDGET PERFORMANCE AND PUBLIC SERVICE PROVISION IN TWO SELECTED MUNICIPALITIES**” prepared and submitted by **ARABELLA BUENO PAMPLONA** in partial fulfillment of the requirements for the degree, **MASTER IN PUBLIC ADMINISTRATION**, is hereby recommended for approval and acceptance.

ATTY. RUSHUD JAY S. SANCON

Thesis Adviser

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Research Contribution No. _____

Passed the Comprehensive Examination on _____



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A.B.P.**APPENDICES**



Appendix B. Survey Questionnaire

Republic of the Philippines

Laguna State Polytechnic University

Province of Laguna

THE IMPACT OF TAX POLICIES ON BUDGET PERFORMANCE

AND PUBLIC SERVICE PROVISION

QUESTIONNAIRE FOR RELATED FOCAL PERSONS AND PERSONNELS.

Dear Respondents,

Greetings!

I am a student of Master of Arts in Public Administration at Laguna State Polytechnic University-Santa Cruz Campus I am currently working on my thesis entitled, "**The Impact of Tax Policies on Budget Performance and Public Service Provision**"

In this connection, I respectfully request your participation and support in my study by responding to this survey questionnaire. Rest assured that all data and information you provide will be handled with utmost confidentiality and used solely to attain the objectives of this research.

Thank you very much and God bless.

ARABELLA B. PAMPLONA

Researcher

PART I. PERSONAL PROFILE

Directions: Please provide the following information.

Name (Optional): _____

Please check the box for the appropriate answer

Municipality: Nagcarlan Rizal

Age: 25- below 41-45

26-30 46-50

31-35 51-Above

36-40

Current Position in the office/department

Department Head

Administrative Officer

Administrative Assistant/Clerk/Aide

- Social Services Providers
- Clientele
- Barangay Official

(Please specify.): _____

Part II. Status Of the Impact of Tax Policies on Budget Performance on Public Service Provision In Local Governance and Public Administration

Directions: Read each statement carefully. Put a check (✓) in the column that corresponds to the status of local tax policies in the municipality of Nagcarlan-Rizal

Scale	Description	Verbal Interpretation
4	Strongly Agree	Very High
3	Agree	Moderately High
2	Disagree	Low
1	Strongly disagree	Very Low

Status Of Local Tax Policies Of Nagcarlan/Rizal In Terms Of Tax Rate Structures

TAX RATE STRUCTURES		4	3	2	1
The municipality's tax rate structures					
1	Tax rate structures are aligned with the economic realities of the residents.				
2	Tax rates support the funding requirements of basic public services.				
3	Local government is effective enough in revising tax rates based on community and stakeholder feedback.				
4	Tax rates are designed to both encourage business growth and generate local revenue.				
5	The current tax rate structures in Nagcarlan /Rizal are effective in generating sufficient revenue for the local government.				

TAX COLLECTION EFFICIENT MECHANISM		4	3	2	1
The municipal...					
1	Current tax collection mechanism in Nagcarlan/Rizal ensures the timely collection of taxes.				
2	Taxpayers are well informed about the procedures involved in tax payment.				
3	Adequate system and support provided to taxpayers to facilitate easy tax payment.				
4	The current tax collection process maximizes revenue without overburdening taxpayers				
5	Tax collection mechanism supports consistent budget performance for public services				

TAXPAYERS COMPLIANCE		4	3	2	1
The municipal...					
1	Local tax policies in encouraging taxpayers to fulfil their tax obligations				
2	Has satisfactory campaign and programs promoting tax compliance in the municipality.				
3	Voluntary compliance among taxpayers were observed without the need for				

	enforcement				
4	Local government effectively monitors and tracks taxpayer compliance				
5	There are incentives provided to taxpayers to improve compliance				

TRANSPARENCY AND ACCOUNTABILITY		4	3	2	1
	The municipality...				
1	Availability of information regarding how tax revenues are utilized.				
2	The local government regularly publishes clear reports on budget performance				
3	Taxpayers have easy access to relevant tax policy documents and guidelines				
4	Local government address concerns related to tax policy and revenue management				
5	Audit mechanisms in ensuring accountability of tax collection and utilization				

B. Status Of Public Service Provision In Terms Of Accessibility Of Quality Service

QUALITY OF PUBLIC SERVICE DELIVERY		4	3	2	1
	The municipality...				
1	Local tax revenues positively influence the availability of quality public services.				
2	Public infrastructure supports easy access to essential services due to appropriate tax policies of the municipality.				
3	Have effective communication efforts in informing the public about available services.				
4	Budget allocation from tax revenues enhances service accessibility				
5	The quality-of-service provision is consistent across different areas of your locality.				

PUBLIC TRUST AND PERCEPTION OF GOVERNANCE		4	3	2	1
	The municipality...				
1	Tax policies adequately consider the economic capacity of low-income households.				
2	Changes in tax policies are clearly communicated to the public in advance.				
3	Local government budgets prioritize essential public services over non-essential projects.				
4	Tax-funded budgets result in timely delivery of infrastructure projects (e.g., roads, water systems).				
5	Tax policies positively influence the responsiveness of government services to community needs.				

INFRASTRUCTURE DEVELOPMENT		4	3	2	1
	The municipality...				
1	Local tax revenues adequately support infrastructure development projects.				
2	Transparency in tax revenue use improves public confidence in infrastructure spending.				
3	The quality of infrastructure has improved due to better tax policy implementation.				

4	Tax revenues reduce dependence on external funding for infrastructure projects.				
5	Infrastructure spending is aligned with long-term local development plans.				
SOCIAL PROGRAM ACCESSIBILITY		4	3	2	1
	The municipality...				
1	Tax policies ensure equitable access to social services for vulnerable groups.				
2	The local government regularly updates its social programs based on tax revenue performance.				
3	The municipality uses tax funds responsibly to support health and education services.				
4	Local tax policies prioritize funding for social safety nets and poverty alleviation.				
5	Social programs funded by local taxes reach marginalized populations effectively.				

Part II. The Level Of Public Service Provisions in Nagcarlan-Rizal Municipality Based on Revenue Adequacy, Budget Utilization, Efficiency of Fund Allocation and The Fiscal Discipline

Directions: Read each statement carefully. Put a check (✓) in the column that corresponds to the level of public services in the Municipality of Nagcarlan-Rizal

Scale	Description	Verbal Interpretation
4	Strongly Agree	Very High
3	Agree	Moderately High
2	Disagree	Low
1	Strongly disagree	Very Low

C. The Level Of Public Service Provisions In Nagcarlan-Rizal Municipality Based On Revenue Adequacy

REVENUE ADEQUACY					
	The municipal...	4	3	2	1
1	Municipality’s revenue is sufficient to fund quality public services				
2	The availability of basic public services reflects the municipality’s revenue resources.				
3	Local tax revenues directly affect the quality of public services provided.				
4	Revenue collection impacts the availability of social welfare programs.				
5	The municipality’s revenue streams are sufficient for expanding public service coverage.				

BUDGET UTILIZATION		4	3	2	1
	The municipal...				
1	The municipality efficiently utilizes its budget for public service provision.				
2	Budget utilization reflects community priorities and needs.				
3	Municipality allocates budget funds to maintain quality public services.				
4	Budget utilization is transparent and accountable.				
5	Budget utilization supports the expansion of public service coverage.				

EFFICIENCY OF FUND ALLOCATION		4	3	2	1
	The municipal...				
1	Fund allocation matches the actual needs of the community.				
2	Fund allocation supports timely implementation of public services.				
3	Local officials allocate funds fairly across different sectors.				
4	Allocated funds reach intended service areas and beneficiaries				
5	The municipality balance fund allocation between infrastructure and social programs.				

FISCAL DISCIPLINE		4	3	2	1
	The municipality...				
1	Fiscal discipline improves the quality of public service delivery.				
2	Financial management complies with rules and regulations.				
3	Fiscal discipline enhances transparency in public resource use.				
4	Local government follows proper procurement and expenditure procedures.				
5	Fiscal discipline supports long-term planning and investment in public services.				