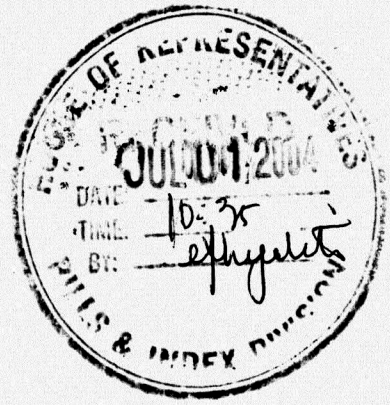


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 858

Introduced by Hon. Aurelio "Oyie" Matias Umali

EXPLANATORY NOTE

The people of Nueva Ecija, Aurora, and part of the province of Bulacan, see a pressing need to accelerate the socio-economic growth and development of the region to make it more responsive to the national plans and policies within the leadership, support, and total commitment of the government.

It is further recognized that, ultimately, the sustained development of the region will rely heavily on the capabilities of the people in the area to participate in the total effort of undertaking integrated development projects under one authoritative agency.

Pursuant to the above goals, this measure seeks the creation of the Eastern Luzon Development Authority which shall be the agency responsible for the initiation and/or implementation of development projects in areas or fields where other government offices have not taken action or have failed to take effective positive action.

The concurrence to the proposed bill is therefore earnestly requested.

AURELIO "OYIE'" MATIAS UMALI
Representative
3rd District, Nueva Ecija

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AN ACT
CREATING THE EASTERN LUZON DEVELOPMENT AUTHORITY (ELDA) APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Be it enacted by the Senate and the House of Representatives in Congress assembled:

SEC. 1. Declaration of Policy. – It is hereby declared that the policy of the government to foster and accelerate the balance growth of eastern Nueva Ecija and the province of Aurora, within the context of national plans and policies, be exercised through a unified responsive agency; democratization of opportunities for improvement; and maximization of benefits in the utilization and allocation of all the resources that may be available.

SEC. 2. Creation of EASTERN LUZON DEVELOPMENT AUTHORITY. – It is hereby created that a corporate body known as the Eastern Luzon Development Authority, hereinafter referred to as the "Authority", shall be governed by the provisions of this Act. Generally, the Authority shall be the agency of the government which shall be responsible for the initiation and/or implementation of development projects in such areas or fields where other government offices under such arrangements as may be agreed upon between the office or agency concerned and the Authority. Pending such arrangement or in case of conflict, the Authority may proceed to undertake the project with prior approval of the President of the Philippines upon recommendation of the NEDA.

The Authority shall exercise the powers and functions provided in this Act in close coordination with the Regional Development Offices of the National Economic and Development Authority and of the Executive Departments for the alignment and integration of its programs and projects with the national development plans. For this purpose, the Authority shall coordinate with NEDA for policy formulation.

SEC. 3. Principal Offices; Term – The principal office of the Authority shall be in Palayan City. It may, however, establish such branches, subsidiaries, offices or agencies as it may deem proper and necessary for the attainment of the objective of this Act. The Authority shall have a term of fifty (50) years from the issuance of the objectives of this Act. The Authority shall have a term of fifty (50) years from the issuance hereof, renewable for the same period unless otherwise provided by law.

SEC. 4. Purposes – The Administration shall have the purposes and objectives given as follows:

a) Promote the development of Eastern Nueva Ecija and the Province of Aurora by initiating and/or undertaking by itself or otherwise, development and/or business projects in social and or economic fields whether in agriculture, power, infrastructure, education, energy, public utilities, housing, land development, manufacturing, exploration and/or utilization of natural resources and other field or projects;

b) Generate and encourage activities which shall comprise, among others: manpower development; provision of materials, financial or technical assistance; and initiation, development, and/or implementation of projects giving preference to cultural community groups, including programs designed for the immediate return, settlement and rehabilitation of evacuees;

c) Initiate and undertake projects for the promotion of community through organized social or economic activities and institutionalized schemes of assistance and incentives; and

d) Make investments in any field as would enhance the socio-economic development of the region, the uplift of living standards of the people and their socio-political stability.

SEC. 5. Corporate Powers. – The Authority shall exercise the powers and perform the functions given as follows:

a) To succeed on its corporate name with the power of succession

b) To sue and be sued in such corporate name

c) To adopt, alter and use a corporate seal which shall be judicially noticed.

d) To undertake the programs and projects specified or envisioned under Section 4 hereof.

e) To make contracts of any kind and description to enable it to discharge its functions and attain the objectives provided in this Act. Provided, that the Authority does not undertake such activities that will compete with the private sector activities. The Authority shall instead support and complement private sector initiatives and activities if none are involved.

f) To adopt, amend and repeal its by-laws

g) To acquire, lease or hold such personal and real property as it deems necessary or inconvenient in the transaction of its business and to lease out, mortgage, sell,

alienate or otherwise dispose any such personal and real property held by it, but not to sell its properties and products for delivery or use outside of the Philippines without the approval of the President.

h) To hold, own, possess, lease, and convey, mortgage agricultural lands.

i) To invest its funds as it may deem proper for the attainment of the objectives of this Act. Provided, that no funds of the Authority shall be invested in bonds or securities except those issued and guaranteed by the government.

j) To exercise the right of eminent domain in the name of the Republic of the Philippines and in the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the government to accomplish the aims and purposes of this Act.

k) Whenever essential to the proper administration of its corporate affairs or necessary for the proper transaction of its business or to carry out the purposes of its organization, to contract indebtedness and issue bonds subject to the approval of the President upon recommendation of the Secretary of Finance.

l) To charge and collect fees, dues, or other charges at reasonable rates for such services and/or facilities that may be provided by the Authority.

m) Determine its own organizational structure and revise the same as may be necessary for the effective undertaking of its powers and functions and attainment of its objectives.

SEC. 6. Capitalization. – The Authority shall have an authorized capital of FIVE HUNDRED MILLION PESOS (P500,000,000.00) to be fully subscribed and paid by the Government of the Republic of the Philippines, to be appropriated and/or form proceeds from loans and issuance of bonds and other firms of evidences of indebtedness which are hereby authorized to be incurred or to be issued by the Secretary of Finance for the purpose.

SEC. 7. Operating Expenses. – There is hereby appropriated the sum of ONE MILLION PESOS (P1,000,000.00) out of the funds in the National Treasury. Thereafter and for subsequent fiscal year, the amount of FIVE MILLION PESOS (P5,000,000.00) shall be provided in the General Appropriations Act to cover the operating expenses of the Authority.

SEC. 8. Bond Issuance. – Whenever the Board of Directors may deem it necessary for the Authority to incur indebtedness or to issue bonds to carry out the provisions of this Act, it shall, by resolution, so declare and state the purpose for which the proposed debt is to be incurred. In order that such resolution be valid, it shall be passed by the affirmative vote of at least a simple majority of all the members of such Board and approved by the President of the Philippines upon recommendation of the Secretary of Finance, after consultation with the National Economic Development and the Monetary Board of the Central Bank.

The bonds shall be issued in such amounts as will be needed at any one time, taking into account the rate at which said bonds may be absorbed by the buying public and fund requirements of projects ready for execution, and considering further a proper balance between productive and non-productive projects so that inflation shall be held to a minimum.

SEC. 9. Sinking Fund. – A sinking fund shall be established by the Authority in such manner that annual contributions thereto, accrued at such rate of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under the provisions of this Act. Said fund shall be under the custody of the Central Bank of the Philippines, which shall invest the same in such manner as the Monetary board may approve, charging all expenses of such investment to said sinking fund, and crediting the same with the interest on investments and other incomes accruing thereto.

SEC. 10. Government Guarantee. – The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and interest on the bonds, debentures, collateral, notes or such other obligations incurred by the authority by virtue of the provisions of this Act, and shall pay the said principal and interest in case the Authority fails to pay the same. The Secretary of Finance shall pay the amount thereof to be appropriated from funds of the National Treasury not otherwise appropriated, and thereupon, to the extent of the amount so paid, the Government of the Republic of the Philippines shall succeed to all the rights or other obligations, unless the amount is refunded by the Authority within a reasonable time.

SEC. 11. Foreign Loans. – The Authority is hereby authorized to contract loans, credits and indebtedness, in any convertible foreign currency or capital goods from time to time from foreign governments or any international financial institutions or funds sources, he total outstanding amount of which exclusive of interest charges, shall not exceed Twenty Five Million US Dollars or the equivalent thereof in other currencies at any one time on such terms and conditions as may be agreed upon.

The President of the Philippines, by himself, or through the Secretary of Finance or the Governor of the Central Bank, is hereby authorized to negotiate and contract with foreign governments or any international financial institutions, in the name and on behalf of the Authority, one or several loans, for the purpose of assisting in the reconstruction, o promoting the development, of the economy of the Eastern Nueva Ecija and the province of Aurora.

The President of the Philippines, by himself of through the Secretary of Finance or the Governor of the Central bank, is hereby further authorized to guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, in the name and on behalf of the Republic of the Philippines, the payment of the loan or loans herein authorized, as well as the performance of all or any of the obligations undertaken by the Authority in the territory of the Republic of the Philippines, pursuant to loan agreements or any international financial institutions.

In the negotiations and contracting of any loan credit or indebtedness under this Section, the provision of Section Four of Republic Act numbered Four Thousand Eight Hundred Sixty, as provided in Section Five of Republic Act Numbered Six Thousand One Hundred Forty Two, as amended, shall apply.

The loans, credit and indebtedness contracted under this subsection and the payment of the principal, interest and other charges thereon, as well as the importation of machinery, equipment, materials and supplies by the Authority, paid from the proceeds of any loan, credit or indebtedness incurred under this Act, shall also be exempt from all taxes, fees, imposts, other charges and restrictions, including import restrictions imposed by the Republic of the Philippines, or any of its agencies and political subdivisions.

SEC. 12. Board of Directors. – The powers and functions of the Authority shall be exercised by a Board of Directors composed of seven (7) members to be appointed by the President of the Philippines. The President of the Philippines shall likewise appoint the chairman from among the members of the Board. The members of the Board shall have their respective alternates who shall attend the meetings of the Board in the absence or incapacity of the regular members. Such alternates shall have the same rights and privileges as the regular members, including per diems and allowances.

The members of the Board or their alternates shall receive a per diem of five hundred pesos for every meeting of the Board attended. Provided, that in no case shall such per diems exceed two thousand pesos per month. They shall likewise be reimbursed by the Authority for actual expenses for traveling and subsistence allowances incurred in attending such meetings.

SEC. 13. Organizational Structure. – The Board of Directors shall determine the organizational structure of the Authority and the officers thereof. The Board may recognize the same and create or abolish divisions, offices, units, branches or agencies therein, as the exigencies of the affairs of the Authority may require.

SEC. 14. Administrator. – The Authority shall have an Administrator, to be appointed by the President of the Philippines, who shall be the Executive Officer of the Authority on full-time basis. He may have such Deputy Administrator/s as the Board of Directors may decide, to be appointed by the latter.

The administrator shall have the following powers, duties and responsibilities:

a) To prepare the agenda shall have the following powers, duties and responsibilities.

b) To prepare the budget of the Authority for consideration by the Board.

c) To execute and administer the policies and measures approved by the Board.

d) To direct and supervise the operations and internal administration of the Authority. He may delegate certain administrative responsibilities to other

e) To prepare the plantilla and appoint all employees of the Authority except the heads of the departments and divisions, whose appointments shall be made by the Board of Directors upon his recommendation and to remove, dismiss or otherwise discipline for cause, such employees of the Authority; and

f) To exercise such other powers as may be vested in him by the Board.

The Administrator, who shall have a term of five (5) years unless sooner removed for cause. He shall reside in the vicinity of the authority's principal office and shall not engage in any business, calling or profession during his term of office.

SEC. 15. Merit System. – All officials and employees of the Authority shall be selected and appointed on the basis of merit and fitness in accordance with a comprehensive and a progressive merit system to be established by the Authority immediately upon its organization. The recruitment, transfer, promotion and dismissal of all its personnel, including temporary workers shall be governed by such merit system. In this connection, the officers and employees of the Authority shall be governed by such merit system. In this connection, the officers and employees of the Authority shall be exempt from the application of the Civil Service law, rules and regulations of the Civil Service law, rules and regulations and from the rules and regulations of the Wage and Position Classification Office.

SEC. 16. Auditor. – The Commission on Audit shall recommend to the Board a representative who shall be the Auditor of the Authority and such personnel as may be necessary to assist said representative in the performance of his duties. The salaries of the Auditor and his staff shall be fixed, and paid by the Authority.

The auditing reports shall contain a statement of the resource and liabilities including earnings and expenses, the amount of paid up capital stock, surplus, reserves, and profits as well as loses, bad debts and such other facts which under auditing rules and regulations, are considered necessary to accurately describe the financial conditions and operations of the Authority: Provided, that, before such reports are made, the Administration shall be given reasonable opportunity to examine the exemptions and criticisms of the Auditor of the Authority of the Chairman of the Commission on Audit as the case may be, to point out, explain or answer any inaccuracies therein, if any, and to file a guarantee, absolutely and unconditionally, as primary obligor and not as surety merely, in the name and on behalf of the Republic of the Philippines, the payment of the loan or loans herein authorized, as well as the performance of all or any of the obligations undertaken by the Authority in the territory of the Republic of the Philippines, pursuant to loan agreements entered into with foreign governments or any international financial institutions.

In the negotiations and contracting of any loan credit or indebtedness under this Section, the provision of Section Four of Republic Act No. 4860, as provided in Section Five of Republic Act No. 6142, as amended shall apply.

The loans, credits and indebtedness contracted under this subsection and the payment of the principal, interests and other charges thereon, as well as the importation of machinery, equipment, materials and supplies by the Authority, paid from the proceeds of any loan, credit or indebtedness incurred under this Act, shall also be exempt from all taxes, fees, imposts, other charges and restrictions, including import restrictions, imposed by the Republic of the Philippines, or any of its agencies and political subdivisions.

SEC. 17. Tax Exemptions. – The Authority shall be exempt from payment of all income taxes, licenses to the National Government, its provinces, cities, municipalities, and shall be subjected to all said taxes five years after their establishment under a graduated scale as follows: twenty per centum of all said taxes from the sixth to the seventh year, sixty per centum of all said taxes from the eight to the tenth year, after its establishment. Such exemption shall include any tax or fee imposed by the government on the sale, purchase or transfer of foreign exchange. All notes, bonds and debentures and other obligations issued by the Authority shall be exempted from all taxes, both as to principal and interest, except inheritance and gift taxes.

SEC. 18. – Donation and Gifts. – The Authority shall have the right to receive donations or bequests which shall be utilized only for the implementation of the programs and projects of the Authority. Such donations or bequests shall be exempt from the payment of gift taxes and the full amount of such donation or bequests shall be deductible from the gross income of the donor for the year during which the same is made.

SEC. 19. – Applicability of the Corporation Law. – The provisions of the Corporation Law as amended; in so far as they are not consistent with the Decree shall be applicable to the operation of the Authority.

SEC. 20. Presidential Supervision. – The Authority shall be under the direct supervision of the President of the Philippines.

SEC. 21. Separability Clause. – Should any of the provisions of the Act held unconstitutional, no other provisions thereof shall be affected thereby.

SEC. 22. Repealing Clause. – All laws, decrees, acts, orders, executive orders, rules and regulations or parts thereof inconsistent herewith are likewise repealed or modified accordingly.

SEC. 23. Effectivity. – This Act shall take effect upon its approval.

Approved.