

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Thirteenth Congress
First Regular Session

House Bill No. **3206**



Introduced by:
REP. CECILIA G. JALOSJOS-CARREON and REP. CESAR G. JALOSJOS

EXPLANATORY NOTE

This bill proposes to establish a Special Tourism Zone in the Province of Zamboanga del Norte particularly in the City of Dapitan and the Barangays of Talisay, Taguilon, Canculani, Guimputlan, Carang, Baylimango, Tagulo, Selinog, Aliguay, Napo, Poto, Maria Uray and San Vicente.

By way of history, Dapitan City- the Shrine City is where Dr. Jose Rizal was exiled and spent most of his memorable and productive years of his life. His exile in Dapitan City and the works that he did is a living legacy of his greatness that should be instilled in our national consciousness. A visit by every Filipino to the Rizal Shrine is to recall the past so nobly lived.

Dapitan City and the aforementioned Barangays are endowed with the natural beauty of its white-sand beaches, coral waters and deep forests areas. Its strategic geographical location in the Zamboanga Peninsula with less typhoon occurrences provides the essentials of a mega-tourism zone.

However, there is a need for the promotion of an aggressive tourism development in the locality. This will require the establishment of tourism resorts, parks, diving areas, retirement villages, recreational and amusement facilities to attract tourists, foreign and local. This bill will also allow the introduction of foreign investments including putting up of retirement villages to sustain its development thru liberalized fiscal initiatives and incentives.

Your valued support to this measure will immensely contribute to our national income as well as uplift the economic welfare of our people.

CECILIA G. JALOSJOS-CARREON

CESAR G. JALOSJOS

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AN ACT
ESTABLISHING A SPECIAL TOURISM ZONE IN THE PROVINCE OF
ZAMBOANGA DEL NORTE, CREATING FOR THIS PURPOSE THE
DAPITAN CITY SPECIAL TOURISM ZONE AUTHORITY,
APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

Section 1. *Short Title*. – This Act shall be known as the “**Dapitan City Special Tourism Zone Act.**”

Sec 2. *Declaration of Policy*. – It is hereby declared the policy of the State to promote and accelerate tourism development of the country particularly in Dapitan City and at the same time, provide productivity and generate jobs to the people, improve the level and quality of living condition through the establishment, among others, of tourist resorts, parks, diving areas, retirement villages, recreational and amusement facilities and similar establishments in strategic locations in the designated zone and adopt measures that will attract legitimate and productive foreign investments.

Sec 3. *Creation of the Dapitan City Special Tourism Zone*. – In the pursuit of the foregoing declared policy there is hereby established a Special Tourism Zone in the Province of Zamboanga Del Norte to be known as the Dapitan City Special Tourism Zone, hereinafter referred to as the **Zone**. It shall cover the City of Dapitan

and the Barangays of Talisay, Taguilon, Canculani, Guimputlan, Carang, Baylimango, Tagulo, Selinog, Aliguay, Napo, Potol, Maria Uray and San Vicente of the said city. The specific metes and bounds of the Zone shall be more particularly defined in a presidential proclamation that shall be issued for this purpose.

Sec. 4. ***Governing Principles***. – The ZONE shall be managed and operated by the Dapitan City Special Tourism Zone Authority, hereinafter referred to as the **DSTZA**, to be created under Section 6 of this Act, under the following principles:

- a) Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the **ZONE** shall be developed into and operated as a decentralized, self-reliant and self-sustaining tourist zone.
- b) The ZONE shall be provided with transportation, telecommunications and other facilities needed to attract legitimate productive investments, generate linkage industries and employment opportunities for the people of the Province of Zamboanga Del Norte and its neighboring towns and cities.
- c) Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up tourist related enterprises in the ZONE, either by themselves or in joint venture with Filipinos as mentioned in Section 2 hereof.

Sec. 5. ***Incentives***. – Investors and business enterprises within the Special Tourism Zone shall be entitled to the following incentives:

- a) Resident Status – Any foreign investor who establishes a business enterprise within the ZONE and who maintains capital investment of not less than One Hundred Fifty Thousand United States dollars (US\$150,000.00) shall be granted, along with his or her spouse, dependents, and unmarried children below twenty-one (21) years of age, permanent residence status within the ZONE.

The foregoing is without prejudice to a foreigner acquiring permanent resident status, in the Philippines in accordance with the applicable immigration, retirement and other related laws.

- b) Fiscal Incentives – Business establishments operating within the ZONE shall be entitled to the existing fiscal incentives as provided for under Book VI of Executive Order No. 226, as amended, otherwise known as the Omnibus Investment Code of 1987.
- c) Taxation – Except for real property taxes on land owned by , foreign or local investors, no taxes, local or national, shall be imposed on business, establishments operating within the ZONE. In lieu thereof, five percent (5%) of the gross income earned by all business enterprises within the ZONE shall be paid and remitted as follows:
 - (1) Three percent (3%) to the national government;
 - (2) Two percent (2%) which shall be directly remitted by the business establishments to the treasurer's office of the City of Dapitan where the enterprise is located;

All persons and service establishments in the ZONE shall be subject to national and local taxes under the National Internal Revenue Code of 1997, as amended, and the Local Government Code of 1991, as amended.

- d) Profit Remittance – Without prior BSP approval, after tax profits and other earnings of foreign investments in enterprises in the ZONE may be remitted outward in the equivalent foreign exchange through any of the banks licensed by the BSP in the ZONE. Provided, however, That such foreign investments in said enterprises have been previously registered with the BSP.

Sec. 6 *Creation of the Dapitan City Special Tourism Zone Authority.* –

There is hereby created a body corporate to be known as the Dapitan City Special Tourism Zone Authority, herein referred to as the DSTZA, which shall manage and

operate the ZONE, in accordance with the provisions of this Act. This corporate franchise shall expire in fifty (50) years counted from the first year after the effectivity of this Act, unless otherwise extended by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

Sec. 7. ***Principal Office.*** – The DSTZA shall maintain its principal office at Dapitan City, Province of Zamboanga Del Norte, but it may establish branches within the Philippines and abroad as may be necessary for the proper conduct of its business.

Sec. 8. ***Powers and Functions of the Dapitan City Special Tourism Zone Authority.*** – The DSTZA shall have the following functions:

- a) To operate, administer, manage and develop the ZONE according to the principles and provisions set forth in this Act;
- b) To recommend to the President the issuance of a proclamation to fix and delimit the site of the ZONE;
- c) To register, regulate and supervise the enterprises in the ZONE in an efficient and decentralized manner, subject to existing laws;
- d) To coordinate with LGUs and exercise general supervision over the development plans, activities and operations of the ZONE;
- e) To regulate and undertake the establishment, operation and maintenance of utilities, other services and infrastructure in the ZONE such as but not limited to heat, light and power, water supply, telecommunications, transport, toll roads and bridges, port services, etc. and to fix just, reasonable and competitive rates, fares, charges and prices thereof;
- f) To construct, acquire, own, lease, operate and maintain on its own or through contracts, franchise, licenses, bulk purchase from the

private sector or permits under any of the schemes allowed in Republic Act No. 6957 (the Build-Operate-Transfer Law, as amended), or joint venture, adequate facilities and infrastructure required or needed for the operation and development of the ZONE, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;

- g) To operate on its own, either directly or through a license to other tourism-related activities, including amusements, recreational, sports facilities, and retirement villages;
- h) Subject to the approval of the President and the Monetary Board of the Bangko Sentral ng Pilipinas upon the recommendation of the Department of Finance (DOF), to raise or borrow adequate and necessary funds from the local or foreign sources to finance its projects and programs under this Act, and for that purpose, to issue bonds, promissory notes, and other forms of securities, and to secure the same by a guarantee, pledge, mortgage, deed of trust, or an assignment of all or part of its property or assets;
- i) To provide security for the ZONE in coordination with the national and local governments. Military forces sent by the National Government for the purpose of defense shall not interfere in the internal affairs of the ZONE and expenditures for these military forces shall be borne by the National Government. For this purpose, the DSTZA may establish and maintain its security forces and firefighting capability or hire others to provide the same;

- j) To protect, preserve, maintain and develop the virgin forests, beaches, coral and coral reefs, and maintain ecological balance within the ZONE;
- k) To create, operate and/or contract to operate such functional units or offices of the DSTZA as it may deem necessary;
- l) To adopt, alter and use a corporate seal; make contracts, leases, own, or otherwise dispose of personal or real property; sue and be sued; and otherwise carry out its functions and duties as provided for in this Act;
- m) To issue working visas renewable every two (2) years to foreign investors;
- n) To report to the Bureau of Immigration (BI) the names of the foreigners who have been granted permanent resident status and working visas within thirty (30) days after issuance of such grant;
- o) To exercise such powers as may be essential, necessary or incidental to the powers granted to it hereunder as well as those that shall enable it to carry out, implement and accomplish the purposes, objectives and policies of this Act; and
- p) To issue rules and regulations consistent with the provisions of this Act as may be necessary to accomplish and implement the purposes, objectives and policies provided herein.

Sec. 9. ***Exemptions from Donor's Tax.*** – All donations made by any person or entity in favor of the DSTZA shall be exempt from the payment of the donor's tax and the same shall be considered as deductible from the gross income of the donor, pursuant to the National Internal Revenue code of 1997, as amended.

Sec. 10. *Board of Directors of the Dapitan City Special Tourism Zone*

Authority. – The powers of the DSTZA shall be vested in and exercised by a Board of Directors, hereinafter referred to as the Board, which shall be composed of the following:

- (a) The Chairman, who shall, at the same time be the Administrator of the DSTZA;
- (b) A Vice Chairman, who shall come from among the members of the Board; and
- (c) Members, consisting of:
 - 1) The Governor of the Province of Zamboanga Del Norte;
 - 2) The Congressional Representative of the district covering the site of the ZONE;
 - 3) The City Mayor of Dapitan City;
 - 4) One (1) representative from the Sangguniang Panglungsod;
 - 5) One (1) representative from the private sector.

The Governor, the Congressional Representative and the City Mayor and the Representative from the Sangguniang Panglungsod of Dapitan City shall serve as ex officio members of the Board, whose terms in the Board correspond to their term as elected officials.

The Chairman, Vice-Chairman and the representative shall be from the private sector, except the ex officio members, shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner removed for cause or dies or resigns voluntarily. In case of death, resignation

or removal for cause, the replacement shall serve only the unused portion of the term.

No person shall be appointed Chairman, Vice-Chairman, representative from the private sector, by the President of the Philippines unless he is a Filipino citizen, of good moral character, of proven probity and integrity, and a degree-holder in any of the following fields: economics, business, public administration, law, management or their equivalent, and with at least ten (10) years relevant working experience preferably in the field of management or public administration.

The members of the Board shall each receive per diem at rates to be determined by the Department of Budget and Management (DBM) in accordance with existing rules and regulations: Provided, however, That the total per diem collected each month shall not exceed the equivalent per diem for four (4) meetings. Unless and until the President of the Philippines has fixed a higher per diem for the members of the Board, such per diem shall not be more than Ten Thousand pesos (P10,000.00) for every Board meeting.

Sec. 11. ***Powers and Duties of the Chairman-Administrator.*** – The Chairman-Administrator shall have the following powers and duties:

- a) To direct and manage the affairs of the DSTZA in accordance with the policies of the Board;
- b) To establish the internal organization of the DSTZA under such conditions that the Board may prescribe;
- c) To submit an annual budget and necessary supplemental budget to the Board for its approval;

- d) To submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;
- e) To submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the ZONE;
- f) To create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the ZONE; and
- g) To perform such other duties as may be assigned to him by the Board or those which are necessary or incidental to his office.

Sec. 12. **Personnel**. – The Board of Directors of the DSTZA shall provide for an organization and staff of its officers and employees. Upon recommendation of the Chairman-Administrator, the Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification: *Provided*, That the Board shall have exclusive and final authority to promote, transfer, assign or reassign officers of the DSTZA, any provision of existing law to the contrary notwithstanding: *Provided*, further, That the Chairman-Administrator may carry out removal of such officers and employees.

The officers and employees of the DSTZA, including the Chairman, Vice-Chairman and the private sector representative of the Board, shall not engage directly or indirectly in partisan activities, nor take part in any election, except to vote.

No officer or employee of the DSTZA, subject to civil service laws and regulations, shall be removed or suspended except for cause, as provided by law.

Sec. 14. ***Capitalization*** – The DSTZA shall have an authorized capital stock of One Hundred Million Pesos (P100,000,000.00) no par value shares with a minimum issue of Ten pesos (P10.00) each, the majority shares of which shall be subscribed and paid for by the National Government and the LGU embracing the ZONE. The Board of Directors of the DSTZA may, with the written concurrence of the Secretary of Finance, sell shares, representing not more than forty per centum (40%) of the capital stock of the DSTZA to the general public under such policy as the Board and the Secretary of Finance may determine. The National Government and the LGUs shall in no case own less than sixty per centum (60%) of the total issued and outstanding capital of the DSTZA.

The amount necessary to subscribe and pay for the shares of the National Government to the capital stock of the DSTZA shall be included in the annual General Appropriations Act. For LGU, the funds shall be taken from their Internal Revenue Allotment (IRA) and other local funds.

Sec. 15. ***Supervision and Coordination of Development Plans***. – For purposes of policy direction and coordination, the ZONE shall be under the direct control and supervision of the Office of the President.

Sec. 16. ***Relationship with the Regional Development Council***. – The DSTZA shall determine the development goals for the ZONE within the framework of national development plans, policies and goals. The Administrator shall, upon approval by the Board, submit the ZONE plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

Sec. 17 ***Relationship with the Local Government Units.*** – Except as herein provided, the LGUs comprising the ZONE shall retain their basic autonomy and identity. The City of Dapitan shall operate and function in accordance with the Local Government Code of 1991.

Sec. 18. ***Interpretation/Construction.*** – The powers, authorities and functions that are vested in the Dapitan City Special Tourism Authority are intended to establish decentralization of governmental functions and authority and promote an efficient and effective working relationship among the ZONE, the central government and the LGU.

Sec. 19. ***Auditing.*** – The Commission on Audit (COA) shall appoint a representative who shall be a full-time auditor of the DSTZA and assign such number of personnel as may be necessary to assist said representative in the performance of his/her duties. The salaries and emoluments of the assigned auditor and personnel shall be in accordance with pertinent laws, rules and regulations.

Sec. 20. ***Separability Clause.*** – If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

Sec. 21. ***Repealing Clause.*** – All laws, executive orders or issuances, or any part thereof, which are inconsistent herewith are hereby repealed or amended accordingly.

Sec. 22. ***Effectivity Clause.*** – This Act shall take effect within fifteen (15) days after its publication in a newspaper of general circulation.

Approved,