



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila



Thirteenth Congress
Second Regular Session

HOUSE BILL NO. 5316

Introduced by Honorable Roger G. Mercado

EXPLANATORY NOTE

This bill seeks to convert the reclamation area in Maasin City into Leyte Special Economic Zone.

Maasin City is the capital town of Southern Leyte which has, through the years, evolved into one of the more progressive towns of Region VIII. It has become the center of industry and has attracted businesses and investors serving as economic catalyst for Leyte's growing economy.

With natural strategic location and abundant natural resources, Maasin City is best fitted to host a special economic zone. It is accessible to local and international market and to modern air and sea transport facilities. Maasin City also enjoys good information technology and communication systems which facilitate commercial transactions in the area.

Thus, Maasin City enjoys inherent advantages which would justify the conversion of its reclamation area into a special economic zone. As such, Leyte Special Economic Zone will surely be a success and will bring tremendous benefit and economic growth not only to the Province of Leyte

but to nearby provinces as well. Leyte Special Economic Zone is envisioned to contribute in the realization of the country's goal for a better and progressive Philippines.

In view of foregoing, the immediate approval of this bill is earnestly sought.

A handwritten signature in black ink, appearing to read 'R. Mercado', with a large, stylized initial 'R'.

ROGER G. MERCADO



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AN ACT
CONVERTING THE RECLAMATION AREA IN MAASIN CITY
INTO LEYTE SPECIAL ECONOMIC ZONE AND
APPROPRIATING FUNDS THEREFOR

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

SECTION 1. **Short Title.** – This Act shall be known as the “*Leyte Special Economic Zone Act of 2006.*”

SEC. 2. **Declaration of Policy.** – It is hereby declared the policy of the State to encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of the country to provide jobs to the people especially those in the rural areas, increase individual and family income, and thereby improve the level and quality of living condition

through the establishment, among others, of special economic zones in suitable and strategic locations in the country and through measures that will attract legitimate and productive foreign investments.

SEC. 3. ***Leyte Special Economic Zone.*** – In pursuit of the foregoing declared policy, the reclamation area in Maasin City, Province of Leyte is hereby converted into a special economic zone, to be known as the Leyte Special Economic Zone, hereinafter referred to as the “ECOZONE.”

SEC. 4. ***Board of Directors.*** – The powers of the ECOZONE 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 ECOZONE;

(b) A Vice Chairman who shall come from among the members of the Board;

(c) The Governor of the Province of Leyte;

(d) The Congressional Member, representing the legislative district of Maasin City;

(e) The Mayor of Maasin City

(f) A representative from local or domestic investors;

- (g) A representative from foreign investors; and
- (h) A representative from the workers in the ECOZONE, as members.

The Governor, Member of the House of Representatives and the City Mayor of Maasin City shall serve as *ex-officio* members of the Board whose terms in the Board shall correspond to their terms as elected officials.

The Chairman and the members of the Board, 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, dies or resigns voluntarily. In case of death, resignation or removal for cause, the replacement shall serve only the remaining portion of the term.

Except for the representatives of the business and labor sectors, no person shall be appointed by the President of the Philippines as a member of the Board 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 a ratio to be determined by the Department of Budget and Management 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 meetings.

SEC. 5. ***Powers and Functions.*** – The Board shall have the following powers and functions:

(a) Operate, administer, manage and develop the ECOZONE according to the principles and provisions of this Act;

(b) Recommend to the President the issuance of a proclamation to fix and delimit the site of the ECOZONE;

(c) Register, regulate and supervise enterprises in the ECOZONE in an efficient manner, subject to existing laws;

(d) Coordinate with the local government unit concerned and exercise general supervision over the development plans, activities and operations of the ECOZONE;

(e) Construct, acquire, own, lease, operate and maintain on its own or through contracts or joint venture, adequate facilities and infrastructure required or needed for the operation and development of the ECOZONE, in

coordination with appropriate national or local government authorities and in conformity with applicable laws;

(f) Exercise such powers as may be essential, necessary or incidental to the powers granted under this Act; and

(g) Issue rules and regulations consistent with the provisions of this Act as may be necessary to accomplish and implement the purposes of this Act.

SEC. 6. *Powers and Duties of the Chairman-Administrator.* – The Chairman-Administrator shall have the following powers and duties.

a) Direct and manage the affairs of the ECOZONE in accordance with the policies of the Board;

b) Establish the internal organization of the ECOZONE under the conditions that the Board may prescribe;

c) Submit the annual budget and necessary supplemental budget to the Board for its approval;

d) Submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports that may be required;

e) Submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the ECOZONE;

f) 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 ECOZONE; and

g) Perform such other duties as may be assigned by the Board or which are necessary or incidental to his office.

SEC. 7. ***Personnel.*** – The Board shall provide for an organization and staff of the ECOZONE. Upon the 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 and regulations.

No office or employee of the ECOZONE shall be removed or suspended except for a cause in accordance with Civil Service rules and regulations.

SEC. 8. ***Capitalization.*** – The ECOZONE shall have an authorized capital stock of Five Hundred Million (P500,000,000.00) Pesos, Philippine Currency, the majority shares of which shall be subscribed and paid for by the national government and the local government of Maasin City.

The Board of Directors of Maasin City, with the concurrence of the Secretary of Finance, may sell shares of not more than forty *per centum*

(40%) of the capital stock of the ECOZONE to the general public under such policy as the Board and the Secretary of Finance may determine. The national government and the LGU shall in no case own less than sixty *per centum* (60%) of the total issued and outstanding capital of the ECOZONE.

The amount necessary to subscribe and pay for the shares of the national government to the capital stock of the ECOZONE shall be included in the annual General Appropriations Act. For the local government unit of Maasin City, the funds shall be taken from its internal revenue allotment and other local funds.

SEC. 9. ***Supervision and Control.*** – For purposes of policy direction and coordination, the ECOZONE shall be under the direct control and supervision of the Office of the President.

SEC. 10. ***Regional Development Council.*** – The Board of Directors shall determine the development goals for the ECOZONE within the framework of national development plans, policies and goals. The Chairman-Administrator shall, upon approval by the Board, submit the ECOZONE plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SEC. 11. ***Tax Exemption.*** – The ECOZONE is hereby declared tax exempt from the payment of all taxes, import duties, charges and costs, including service fees in any court or administrative proceedings in which it may be party.

The foregoing exemptions may, however, be entirely or partially lifted by the President of the Philippines upon the recommendation of the Secretary of Finance, not earlier than five (5) years from the effectivity of this Act, if the President shall find the ECOZONE to be self-sustaining and financially capable by then to pay such taxes, custom duties, fees and other charges after providing for debt service requirements of the ECOZONE and of its projected capital and operating expenditures.

SEC. 12. ***Audit.*** – The Commission on Audit shall appoint a representative who shall be a full time auditor of the ECOZONE and assign such number of personnel as may be necessary to assist said representative in the performance of his duties. The salaries and emoluments of the assigned auditor and personnel shall be in accordance with pertinent laws, rules and regulations.

SEC. 13. ***Repealing Clause.*** – All laws, decrees, executive orders, rules and regulations and other issuances, or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SEC, 14. ***Separability Clause.*** – If any part or provision of this Act is declared unconstitutional, other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 15. ***Effectivity.*** – This Act shall take effect fifteen (15) days after its complete publication in at least two (2) national newspapers of general circulation.

Approved,