

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS
First Regular Session

House Bill No. 4039

Introduced by **Hon. CARMELO F. LAZATIN**

EXPLANATORY NOTE

The region of Central Luzon is one of the fastest growing regions in the country. In it, the two (2) former American military bases were dramatically transformed by the government with help of the private sector into Freeport zones where various economic and social activities now take place everyday. The region's economic opportunities and natural topography magnets socio-economic activities which the National Capital Region cannot longer provide because of the latter's urbanization.

The region of Central Luzon also serves to diffuse congestion in the National Capital Region. It attracts workers from other regions who seek better employment. Since the region strategically lies at center of Luzon, it links the northern regions of the country to the capital. And because of these factors, the region plays a strategic role in the economy.

Further, since many of the former American military bases and reservations are located in the region, the bill seeks to amend RA 7227 to give larger allocation to AFP from the revenues the government gets from the alternative uses of these bases and reservations.

Thus, this bill seeks to create greater development inertia in the fastest growing region of the country and at the same time it intent to provide the Armed Forces of the Philippine the resources its needs for its Modernization Program.

With the above premises and rationale that the approval of this bill is earnestly sought.


CARMELO F. LAZATIN

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AN ACT

ACCELERATING CENTRAL LUZON REGIONAL DEVELOPMENT, AMENDING REPUBLIC ACT NUMBER 7227 OTHERWISE KNOWN AS THE "BASES CONVERSION AND DEVELOPMENT ACT OF 1992, EXPANDING THE ALLOCATION OF ARMED FORCES OF THE PHILIPPINES FROM THE REVENUES FROM THE SALE, LEASE, JOINT-VENTURE AGREEMENTS AND OTHER TRANSACTIONS INVOLVING MILITARY BASES AND RESERVATIONS, ALLOCATING FUNDS THEREFOR AND FOR OTHER PURPOSES.

Be 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 Central Luzon Regional Development Act.

SECTION 2. Declaration of Policies.

It is hereby declare the policy of the Government to accelerate regional economic growth and development in Central Luzon and create conditions for the sound and balanced development of Clark Freeport Zone and Subic Bay Freeport Zone and to ensure the efficient and effective conversion into alternative productive uses of other military bases handed over by the United States of America to the Philippines after the expiration of their Military Bases Agreement.

It is likewise the policy of the Government that Armed Forces of the Philippines shall be equitably benefit from the revenues from the sale, lease, joint-venture agreements and other transactions involving the military bases and reservations.

SECTION 3. Section 6 of Republic Act Number 7227 is hereby amended to read as follows:

"The Conversion Authority shall have an authorized capital of One hundred million pesos (P 100,000,000.00) which may be fully subscribed by the Republic of the Philippines and shall either be paid up from the proceeds of the sale, lease, joint-venture agreements, and other

transactions involving military bases and reservations and/or portions thereof as provided for in Section 8 of this Act or by transferring to the Conversion Authority properties valued in such amount.

An initial operating capital in the amount of Seventy million pesos (P70,000,000.00) is hereby authorized to be appropriated out of any funds in the National Treasury not otherwise appropriated which shall be covered by preferred shares of the Conversion Authority retireable within two (2) years."

SECTION 4. Section 7 (b) of Republic Act Number 7227 is hereby amended to read as follows:

"(b) Such other properties including, but not limited to, portions of Metro Manila military camps, pursuant to Section 8 of this Act: Provided, however, that areas vital to national defense shall remain as military reservations and shall be delineated and proclaimed as such by the President including but, not limited to the following:

Part of Wallace Air Station:	-	30 hectares
Part of Villamor Air Base	-	137.81 hectares
Part of Clark Air Base	-	350 hectares
Crow Valley Gunnery Range	-	17,847 hectares
Fort Abad	-	0.60 hectares
Parts of Fort Bonifacio:		
Philippine Army	-	120 hectares
Philippine Navy/Marines	-	62 hectares
Philippine Military Academy	-	8.8 hectares

SECTION 5. Section 8 of Republic Act Number 7227 is hereby amended to read as follows:

"The capital of the Conversion Authority shall come from the proceeds of the sale, lease, joint-venture agreements, and other transactions involving military bases and reservations and/or portions thereof within Metro Manila including all lands covered by Proclamation No. 423, series of 1957, commonly known as Fort Bonifacio and Villamor (Nichols) Air Base namely:

X X X

Phase II

1. Camp Ver	-	1.9
2. Camp Melchor	-	1.0
3. CAMP ATIENZA	-	4.9
[4. Part of Villamor Air Base	-	37.9]
4. PART OF FORT BONIFACIO	-	134.10
[5. PART OF FORT BONIFACIO	-	224.90
6. Fort Abad	-	.60]
Total	-	141.90 [271.20]

Provided, That the following areas shall be exempt from sale, lease, joint-venture agreements, and other transactions:

"(a) Approximately one hundred ninety point eight (190.80) hectares in Fort Bonifacio for various purposes of various branches and units of the Armed Forces of the Philippines."

"(b) Approximately one hundred thirty seven point eighty one (137.81) hectares in Villamor Air Base for Philippine Air Force's various programs."

SECTION 6. The provisions of Section 8(d) of Republic Act Number 7227 are hereby repealed. Section 8(d) shall now read as follows:

"All transactional expenses related to the sale, lease, joint-venture agreements and other transactions involving military bases and reservations and/or portions thereof as authorized under this act shall be deducted from the proceeds of such sale, lease, joint-venture agreements and transactions. The following shall be considered as transactional expenses: acquisition and titling of real estate as well as preparation of alternative sites to host relocated military units; functional replication of affected military facilities and related transfer expenses; relocation of affected government/non-military agencies and clearing of squatters; provided, that sale-related expenses shall under no circumstances exceed twenty percent (20%) of the total bidden land value, seven percent (7%) in the case of lease and nine percent (9%) of the total agreed transaction value for joint-venture agreements and other transactions. Provided, further, that the provisions of law to the contrary notwithstanding, the proceeds of the sale, lease, joint-venture agreements and other transactions as herein provided shall not be diminished and are therefore exempt from all forms of national and local taxes, assessments, licenses and fees. Provided, finally, that the net proceeds of such sale, lease, joint-venture agreements and other transactions shall be deemed appropriated for the following purposes with the corresponding percentage shares of the proceeds.

(1) Forty percent (40%) – to be utilized primarily for Armed Forces of the Philippines' on its Modernization Program, and on livelihood and housing projects for its personnel;

(2) Twenty five percent (25%) – to finance the construction and upgrading of infrastructure such as highways, railways and other transport facilities to make Clark Freeport Zone a premiere economic growth center;

(3) Twenty five percent (25%) – to finance the construction and upgrading of infrastructure such as highways, railways and other transport facilities to make Subic Freeport Zone a premiere economic growth center;

(4) Ten percent (10%) – to finance government housing projects in various parts of the country.

The proceeds from the sale, lease, joint-venture agreements and all other transactions involving military bases and reservations and/or portions thereof shall automatically accrue to the respective accounts of the above-stipulated sharing agencies.

SECTION 7. Section 9 of Republic Act Number 7227 is hereby amended to read as follows:

"the powers and functions of the conversion authority shall be exercised by a board of directors to be composed of fifteen (15) members, as follows:

- (a) A full-time Chairman who shall also be the President of the Conversion Authority;
- (b) The President and Chief Executive Officer of Clark Development Corporation;
- (c) The President and Chief Executive Officer of Subic Bay Metropolitan Authority;
- (d) Seven (7) other members from the private sector, two of which coming from the labor sector;
- (e) One representative from the Department of National Defense who shall be the Assistant Secretary for installations and logistics;
- (f) One representative each from the Philippine Air Force, Philippine Army and Philippine Navy who shall be at least a colonel or captain (PN); and
- (g) One representative from the General Headquarters of the Armed Forces of the Philippines who shall be at least a colonel or captain (PN).

The chairman and members hereof shall be appointed by the President with the consent of the appropriate congressional oversight committee. Of the initial members of the board pursuant to this Act, the chairman, the president and chief executive officers of CDC and SBMA, four from the private sector and one from the labor sector shall each have a term of six (6) years while the remaining members from the private and labor sectors shall each have a term of four (4) years. The representatives from the defense department and the DND shall have a term of two years. In case of vacancy in the board, the appointee shall serve the unexpired term of the predecessor.

No person shall be appointed or designated as a member of the Board unless he is a natural-born Filipino citizen, of good moral character, of unquestionable integrity and of recognized competence in relevant fields including, but not limited to economics, management, international relations, law or engineering, preferably naval or aeronautical.

The chairman and president of the Conversion Authority, the presidents and chief executive officers of CDC and SBMA shall have a fixed term of six (6) years. The appointment of these members shall be without any reappointment.

On the other hand, the term of office of the representative from the Department of National Defense shall be co-terminous with the position of the assistant secretary for installations and logistics. With respect to the representatives from the AFP, their respective terms shall be co-terminous with their active military service.

All procedural matters in the conduct of board meetings shall be prescribed in its internal rules.

Members of the Board shall receive a per diem on not more than Five Thousand Pesos (P5,000.00) for every board meeting provided, however, that the per diem collected per month does not exceed the equivalent of four (4) meetings; Provided, further, that the amount of per diem for every board meeting may be increased by the President but such amount shall not be

increased within two (2) years after its last increase."

SECTION 8. The provisions of Section 20 of Republic Act Number 7227 is hereby repealed. Section 20 of this Act shall now read as follows:

"The Office of the President shall promulgate, within three (3) months upon the effectivity of this Act, an implementing rules and regulations. And within two months after the promulgation of an IRR, the President shall reconstitute the Board of Directors of the Bases Conversion Development Authority."

SECTION 9. *Repealing Clause.* – All laws, rules, regulations, orders, circulars and memoranda inconsistent with this Act are hereby repealed or modified accordingly.

SECTION 10. *Effectivity.* – This Act shall take effect immediately upon approval.

Approved,