

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 5397



Introduced by Representative **FERDINAND L. HERNANDEZ**

EXPLANATORY NOTE

Republic Act No. 7227, otherwise known as the Bases Conversion Development Act of 1992, established the Subic Bay Freeport Zone (SBFZ) and Subic Special Economic Zone (SSEZ) as a self-sustaining, industrial, commercial, financial and investment center, and created the Subic Bay Metropolitan Authority (SBMA) as its operating and implementing arm.

R.A. No. 7227 envisioned the creation of these zones *"to accelerate the sound and balanced conversion into alternative productive civilian uses"* and *"to enhance the benefits to be derived from said properties in order to promote the economic and social development of Central Luzon in particular and the country in general"*.

Twenty-Three (23) years after the passage of R.A. No. 7227, the authority and independence of SBMA remains to be fully realized. This is due in part to the overlapping authority and jurisdiction by other government agencies and instrumentalities like the Maritime Industry Authority (MARINA), Philippine Reclamation Authority (PRA), and Department of Environment and Natural Resources (DENR), among others.

This bill seeks to further amend¹ R.A. No. 7227 by reaffirming and strengthening the powers of the Subic Bay Metropolitan Authority (SBMA) to attain its mandate as an industrial, commercial, financial and investment center that is self-sustaining and autonomous that will serve as a platform to further spur local and national development.

It is the intention of this bill to fine-tune R.A. 7227 to harness its own resources to maximize the full potential of the SBMA by amending specific provisions that are deemed no longer responsive with the current circumstances. After all, it is said that "our business and thinking must always stay up to date with the changes of the world" in creating an attractive investment climate.

It is in the premise of global competitiveness and economic growth and development that this bill is filed and its immediate passage earnestly sought.

¹ Amended by R.A. No. 9400, March 20, 2007.

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AN ACT
RATIONALIZING THE POWERS OF THE SUBIC BAY METROPOLITAN AUTHORITY,
AMENDING FOR THE PURPOSE REPUBLIC ACT NO. 7227, OTHERWISE KNOWN AS
THE BASES CONVERSION AND DEVELOPMENT ACT OF 1992, AS AMENDED

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

SECTION 1. Section 12 (c) of Republic Act No. 7227, otherwise known as the "Bases Conversion and Development Act", as amended, is hereby amended read as follows:

"SECTION 12. *Subic Special Economic Zone.*- xxxx xxxx xxxx

(c) The provision of existing laws, rules and regulations to the contrary notwithstanding, no national and local taxes shall be imposed within the Subic Special Economic Zone. In lieu of ~~said taxes~~ **ALL OTHER NATIONAL AND LOCAL TAXES**, a five percent (5%) tax on gross income earned shall be paid by all business enterprises within the Subic Special Economic Zone and shall be remitted as follows: ~~three percent (3%)~~ **ONE PERCENT (1%)** to the National Government, ~~and two percent (2%)~~ **TWO PERCENT (2%)** to the Subic Bay Metropolitan Authority (SBMA) **AND TWO PERCENT (2%)** for distribution to the local government units affected by the declaration of and contiguous to the zone, namely: the City of Olongapo and the municipalities of Subic, San Antonio, San Marcelino and Castillejos of the Province of Zambales; and the municipalities of Morong, Hermosa and Dinalupihan of the

Province of Bataan, on the basis of population (50%), land area (25%), and equal sharing (25%). "

SEC. 2. Section 13 (b), Subsection (3), (11), (12) and (13) of Republic Act No. 7227, as amended, is hereby amended to read as follows:

"SEC. 13. *The Subic Bay Metropolitan Authority.* – xxxx xxxx xxxx

(b) *Powers and functions of the Subic Bay Metropolitan Authority.-*

The Subic Bay Metropolitan Authority, otherwise known as the Subic Authority, **HAVING AUTHORITY AND JURISDICTION OVER ALL BUSINESS AND ECONOMIC ACTIVITIES WITH THE SUBIC BAY FREE PORT**, shall have the following powers and functions:

xxxx xxxx xxxx

(3) To undertake and regulate the establishment, operation and maintenance of utilities, ~~other services~~ **TELECOMMUNICATIONS**, infrastructure **AND OTHER SERVICES** in the Subic Special Economic Zone including shipping and **MARITIME** related business **BUSINESSES AND ACTIVITIES**, stevedoring and port terminal services or concessions, incidental thereto and airport operations in coordination with the Civil Aeronautics Board, and to fix **AND IMPOSE** just and reasonable fees, fares, charges and other prices therefor.

xxxx xxxx xxxx

(11) **TO RECLAIM LANDS IN THE SUBIC SPECIAL ECONOMIC ZONE, BUT NOT LIMITED TO FORESHORE AND SUBMERGED AREAS, BY DREDGING, FILLING OR OTHER MEANS, AND TO ACQUIRE, DEVELOP, IMPROVE, ADMINISTER,**

1 DEAL-IN, SUBDIVIDE AND LEASE RECLAIMED
2 LANDS INSIDE THE ZONE; TO PROVIDE FOR,
3 OPERATE OR ADMINISTER SUCH SERVICES AS
4 MAY BE NECESSARY FOR THE EFFICIENT,
5 ECONOMICAL AND BENEFICIAL UTILIZATION OF
6 THE RECLAIMED AREAS IN THE ZONE;

7
8 (12) TO PROVIDE FOR, OPERATE, OR ADMINISTER
9 SUCH SERVICES, AS MAY BE NECESSARY FOR
10 THE EFFICIENT, ECONOMICAL AND BENEFICIAL
11 UTILIZATION OF THE RECLAIMED AREAS IN THE
12 SUBIC BAY FREEPORT; AND

13
14 (13) To exercise such powers as may be essential,
15 necessary or incidental to the powers granted to it
16 hereunder as well as to carry out the policies and
17 objectives of this Act.
18

19 **SEC. 3.** Section 13, Paragraph (c), Subparagraphs 1 and 3 of Republic Act No. 7227,
20 as amended is hereby further amended to read as follows:

21
22 "SEC 13. *The Subic Bay Metropolitan Authority.* – xxxx xxxx xxxx

23
24 (c) *Board of Directors.*- The powers of the Subic Authority shall be
25 vested in and exercised by a Board of Directors, hereinafter
26 referred to as the Board, which shall be composed of fifteen (15)
27 members, to wit:

28
29 (1) Representatives of the local government units that
30 concur to join the Subic Special Economic Zone,
31 **SPECIFICALLY: THE CITY OF OLONGAPO AND**
32 **THE MUNICIPALITY OF SUBIC OF THE PROVINCE**
33 **OF ZAMBALES; AND THE MUNICIPALITIES OF**
34 **MORONG, HERMOSA AND DINALUPIHAN OF THE**
35 **PROVINCE OF BATAAN;**

1
2 xxxx xxxx xxxx

3
4 (2) Five (5) representatives from the private sector
5 coming from the ~~present naval stations, public works~~
6 ~~center, ship repair facility, naval supply depot and~~
7 ~~naval air stations~~ **TOURISM, MANUFACTURING AND**
8 **PRODUCTION, MARITIME AND AVIATION, TRADE**
9 **AND INDUSTRY, AND LOGISTICS SECTORS;** and

10
11 xxxx xxxx xxxx

12
13
14 **Sec. 4.** A new subsection (f) under Section 13 is hereby inserted, amending Republic
15 Act No. 7227, as amended, to read as follows:

16
17 (f) **OTHER OFFICERS AND EMPLOYEES. – ALL POSITIONS IN**
18 **THE SUBIC AUTHORITY SHALL BE GOVERNED BY THE**
19 **COMPENSATION, POSITION CLASSIFICATION SYSTEM AND**
20 **QUALIFICATION STANDARDS APPROVED BY ITS BOARD OF**
21 **DIRECTORS BASED ON A COMPREHENSIVE JOB ANALYSIS OF**
22 **ACTUAL DUTIES AND RESPONSIBILITIES AT PAR WITH THAT**
23 **OF THE BASES CONVERSION AND DEVELOPMENT AUTHORITY**
24 **(BCDA) OR THE CONVERSION AUTHORITY. THE**
25 **COMPENSATION PLAN SHALL BE COMPARABLE WITH THE**
26 **PREVAILING COMPENSATION PLANS IN THE PRIVATE SECTOR**
27 **AND SHALL BE SUBJECT TO PERIODIC REVIEW BY THE**
28 **BOARD OF DIRECTORS OF THE SUBIC AUTHORITY ONCE**
29 **EVERY TWO (2) YEARS, WITHOUT PREJUDICE TO YEARLY**
30 **MERIT OR INCREASES BASED ON THE SUBIC AUTHORITY'S**
31 **PRODUCTIVITY AND PROFITABILITY. THE SUBIC AUTHORITY**
32 **SHALL, THEREFORE, BE EXEMPT FROM EXISTING LAWS,**
33 **RULES AND REGULATIONS ON COMPENSATION, POSITION**
34 **CLASSIFICATIONS AND QUALIFICATION STANDARDS.**

1 HOWEVER, THE SUBIC AUTHORITY SHALL ENDEAVOR TO
2 MAKE ITS SYSTEM CONFORM AS CLOSELY AS POSSIBLE
3 WITH THE PRINCIPLES UNDER REPUBLIC ACT NO. 6758 OR
4 THE COMPENSATION AND POSITION CLASSIFICATION ACT OF
5 1999 OTHERWISE KNOWN AS THE SALARY STANDARDIZATION
6 LAW, AS AMENDED.

7
8 **SEC. 5. *Implementing Rules and Regulations.***- Within ninety (90) days from the effectivity
9 of this Act, the following shall promulgate the necessary rules and regulations for the
10 implementation of the provisions of this Act:

- 11
12 (a) The Department of Finance, in coordination with the Bureau of Internal
13 Revenue, and in consultation with the SBMA, for the necessary rules and
14 regulations implementing Section 1 of this Act;
15 (b) The SBMA, in coordination with the Bases Conversion and Development
16 Authority (BCDA), for the necessary rules and regulations implementing
17 Section 2 of this Act;
18 (c) The Department of Budget and Management and the Civil Service
19 Commission, in coordination with the SBMA, and in consultation with the
20 BCDA, for the necessary rules and regulations implementing Section 4 of
21 this Act;

22
23 **SEC. 6. *Repealing Clause.*** - All laws, executive order or administrative orders, rules and
24 regulations or parts thereof, which are inconsistent with this Act, are hereby amended,
25 repealed or modified accordingly.

26
27 **SEC. 7. *Separability Clause.***- If any provision of this Act is subsequently declared
28 unconstitutional, the validity of the remaining provisions thereof shall remain in full force
29 and effect.

30
31 **SEC. 8. *Effectivity.*** - This Act shall take effect after fifteen (15) days following its
32 publication in the Official Gazette or in any newspaper of general circulation.

33
34 *Approved,*