



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS

First Regular Session

House Bill No. **4462**



Introduced by Representative Jose Enrique S. Garcia III

EXPLANATORY NOTE

It is hereby declared norm and policy of the State to pursue an independent foreign policy, the paramount consideration shall be to secure national sovereignty, territorial integrity, national interest, and the right to self-determination. Further, the State to actively encourage, promote, induce and accelerate a sound and balanced Industrial, economic and social development of the country. In order to provide jobs to the people especially those in the rural areas, increase productivity and individual and family income, and thereby improve the level and quality of living conditions 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.

It is also the declared principle and Tenet of the State to develop a self-reliant and independent national economy, effectively encourages private enterprise, and provides incentives to needed investments with the determined purpose of autonomy, equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the underprivileged.

This avant-garde and progressive measure is a first for the country and in the south-east Asian Region. The establishment and creation of a SPECIAL ECONOMIC DEFENSE ZONE, a specialized industry granted with a special and independent authority to readily compete with international arena in terms of, among others, CONVENTIONAL ARMS and/or WEAPONS research, development, production and distribution, and other related products for military and defense. Reinvigorating the statutory mandate in Republic Act No. 7898, otherwise known as "An Act Providing for the Modernization of the Armed Forces of the Philippines and for other

Purposes." To wit: **The development of a self-reliant and credible strategic armed force...**"

The SPECIAL ECONOMIC DEFENSE ZONE is a necessary undertaking, timely and an earnest patriotic effort to synergize government and private enterprises, domestic and international, to have a globally competitive centralized government sanctioned arms industry that produces conventional weapons and equipment, for domestic use and export. It will bolster our country's innate capability, competence and proficiency in the field of arms research, development and manufacturing. Laying credence and support to "TIWALA SA GAWANG PILIPINO"

Moreover, in our pursuit to establish and make available a venue and attract more qualified domestic and foreign investors with appropriate incentives, such as among others, by providing the exceedingly competitive investment climate and facility, safe and protected zone, opportunities for more investment portfolios, and increase in financial capability of the designated authority.

This bill will highly strengthen and greatly fortify our economic and defense capability and viability with the international or global market and would elevate the country into a diverse and multi-investment hub.

The passage of this timely and nationalistic bill is earnestly sought.


REP. JOSE ENRIQUE S. GARCIA III
Second District, Bataan



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1 **AN ACT CONVERTING THE GOVERNMENT ARSENAL LOCATED**
2 **IN Camp Gen. Antonio Luna, LAMAO, MUNICIPALITY OF LIMAY,**
3 **PROVINCE OF BATAAN, INTO, AND CREATING AND ESTABLISHING**
4 **THE SPECIAL ECONOMIC DEFENSE ZONE (SpEDZ), creating for this**
5 **purpose SPECIAL ECONOMIC DEFENSE ZONE AUTHORITY (SpEDZA),**
6 **appropriating funds therefor and for other purposes.**

7
8 *Be it enacted by the Senate and House of Representatives of the Philippines*
9 *in Congress assembled:*

10
11
12 **Section 1. Short Title.** - This Act shall be known as the "**SPECIAL**
13 **ECONOMIC DEFENSE ZONE (SpEDZ) Act of 2016**".

14 **Section 2. Declaration of Policy.** - It is hereby declared the policy
15 **of the State to pursue an independent foreign policy, the paramount**
16 **consideration shall be to secure national sovereignty, territorial**
17 **integrity, national interest, and the right to self-determination.** Further,
18 the State to actively encourage, promote, induce and accelerate a sound and balanced
19 Industrial, economic and social development of the country. In order to provide jobs
20 to the people especially those in the rural areas, increase productivity and individual
21 and family income, and thereby improve the level and quality of living conditions
22 through the establishment, among others, of special economic zones in suitable and
23 strategic locations in the country and through measures that will attract legitimate
24 and productive foreign investments.

25 **Section 3. Conversion of the Government Arsenal (GA) into the**
26 **Special Economic Defense Zone (SpEDZ)** - The existing GOVERNMENT
27 ARSENAL (GA) of the Philippines located in the Camp Gen. Antonio Luna, LAMAO,
28 MUNICIPALITY OF LIMAY, PROVINCE OF BATAAN, shall be converted INTO a
29 SPECIAL ZONE, AND thereby CREATING AND ESTABLISHING THE **SPECIAL**
30 **ECONOMIC DEFENSE ZONE (SpEDZ).** The **SpEDZ** shall cover the

1 Municipality of LIMAY, Province of Bataan. And all other areas which may be
2 declared as part of **SpEDZ** in compliance with section 4(g).

3 **Section 4. Governing Principles.** - The **SpEDZ** shall be managed and
4 operated under the following principles:

5 (a) Within the framework and limitations of the Constitution, REPUBLIC ACT
6 NO. 7898 otherwise known as "AN ACT PROVIDING FOR THE
7 MODERNIZATION OF THE ARMED FORCES OF THE PHILIPPINES AND
8 FOR OTHER PURPOSES", REPUBLIC ACT NO. 10349, otherwise known as
9 "AN ACT AMENDING REPUBLIC ACT NO. 7898, ESTABLISHING THE
10 REVISED AFP MODERNIZATION PROGRAM AND FOR OTHER
11 PURPOSES", applicable provisions of the Local Government Code, the **SpEDZ**
12 shall be developed into and operated as a decentralized, self - reliant and self-
13 sustaining industrial, commercial - trading, defense/military - Industrial,
14 defense/military – Manufacturing, defense/military – Research, Development
15 and Engineering defense/military - financial and investment center with
16 suitable residential areas:

17 (b) The **SpEDZ** shall continue to be provided with transportation,
18 telecommunications and other facilities needed to attract legitimate and
19 productive investments, generate linkage industries and employment
20 opportunities for the people of the Province of Bataan and its neighboring
21 towns and cities;

22 (c) The **SpEDZ** may establish mutually beneficial economic defense relations
23 with other entities or enterprises within the country or with foreign entities or
24 enterprises;

25 (d) Foreign citizens and companies owned by non - Filipinos may whatever
26 proportion may set up enterprises In the **SpEDZ** either by themselves or in
27 Joint venture with Filipinos in any sector of industry, international trade and.
28 commerce within the **SpEDZ territorial jurisdiction**;

29 (e) The **SpEDZ** shall be managed and operated as a separate customs
30 territory ensuring free flow or movement of necessary goods and products;
31 and capital within, into and out of its territory;

32 (f) The **SpEDZ** shall provide incentives such as tax and duty - free
33 importations of raw materials, capital and equipment to registered enterprises
34 located therein, However, exportation or removal of goods from the territory
35 of the **SpEDZ** to the other parts of the Philippine territory shall be subject to
36 customs duties and taxes under the Tariff and Customs Code of the
37 Philippines, as amended, and the National Internal Revenue Code (NIRC) of
38 1997, as amended;

(g) The areas comprising the **SpEDZ** may be expanded or reduced when necessary. For this purpose, the **SpEDZ Authority** which will be created under this Act, with the concurrence of the DND, DILG, AFP, PNP and the appropriate and affected local government units (LGU's) and approval of the board, in accordance and in compliance with existing national laws and local ordinances shall have the power to acquire, procure, and/or increase, expand either by purchase, negotiation or condemnation proceedings, any private or public lands and/or their respective water territories, if any for the following purposes: (1) consolidation of lands for **SpEDZ** development; (2) acquisition of right of way or access to the **SpEDZ**; and if necessary and appropriate (3) the protection and safeguard of watershed areas and the maintenance and improvement of its water yield and natural assets valuable to the prosperity of the **SpEDZ** and the respective LGU, the effective management of solid and water waste in compliance with existing national laws and local ordinances, and its impact to adjacent areas within the local government concerned. The municipal waters of up to 15 kilometers from the low water mark area of the municipalities concerned shall be deemed included in the territorial waters of the **SpEDZ**.

The LGU and together with **SpEDZ** shall provide for **AN IMMEDIATE AND RESPONSIVE MECHANISM TO UNDERTAKE BEST MANAGEMENT PRACTICE THROUGH COASTAL ZONE MANAGEMENT PROGRAM** to address **THE ABUSE AND** inappropriate exploitation of the natural environment and disruptive land use within the jurisdiction of the **SpEDZ**.

(h) Products and Goods researched and developed, engineered manufactured by the **SpEDZ FAB** enterprise shall be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and other regulations that may be formulated by the **SpEDZ Authority**, together with DND, DILG, AFP, PNP, the Philippine Economic Zone Authority (PEZA), the Bangko Sentral ng Pilipinas (BSP), the Department of Finance (DOF), the Bureau of Customs (BOC) and the Department of Trade and Industry (DTI) in accordance with the NIRC of 1997, as amended, and the Tariff and Customs Code of the Philippines, as amended, However, in order to protect the domestic Industries, a negative list of industries shall be drawn up and regularly updated by the PEZA. Enterprises engaged industries included in such negative list shall not be allowed to sell their products locally; and

(i) The defense of the FAB and the security of its perimeter fence shall be the responsibility of the National Government in coordination with the **SpEDZ Authority** and the LGUs.

Section 5. Fiscal Incentives. - The registered enterprises operating within the **SpEDZ** may be entitled to the existing pertinent fiscal incentives as provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, also known as the Special Economic Zone Act of 1995, or those provided under Executive Order No. 226, as amended, otherwise known as the Omnibus Investment Code of 1987; and/or those that may be further granted as the need and necessity arises by the appropriate government department, agency or office.

Section 6. Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned. - No taxes, local and national, shall be imposed on business establishments operating within the **SpEDZ**. In lieu thereof, said business establishments shall pay a five percent (5%) final tax on their gross income earned in the following percentages:

(a) One per centum (1%) to the National Government;

(b) One per centum (1%) to the Province of Bataan;

(c) One per centum (1%) to the treasurer's office of the Municipality of Limay; and *Iavuphi*

(d) Two per centum (2%) to the Authority of the **Special Economic Defense Zone of Bataan**.

Section 7. Incentive to Investors. - Any foreign national who invests an amount of Two hundred thousand US dollars (US\$200,000.00), either in cash and/or equipment, in a registered enterprise shall be entitled to an investor's visa: *Provided*, That he has the following qualifications:

(a) He is at least eighteen (18) years of age;

(b) He has not been convicted by final judgment of a crime involving moral turpitude;

(c) He is not afflicted with any loathsome, dangerous or contagious disease;

(d) He has not been institutionalized for any mental disorder or disability.

(e) He can establish by verifiable and credible evidence his financial capability and capacity

As a holder of investor's visa, an alien shall be entitled to reside in the Philippines while his investment subsists. For this purpose, he should submit an annual report, in the form duly prescribed for the purpose, to prove that he has maintained his investment in the country, should said alien withdraw his investments from the Philippines, then the investor's visa issued to him shall automatically expire and /or withdrawn.

1 **Section 8. Administration, Implementation and Monitoring of**
2 **Incentives.** - For the proper administration, implementation and monitoring of tax
3 incentives provided under this law, the following are herein mandated: (a) The
4 **SpEDZ Authority (SpEDZA)** shall be responsible for the administration,
5 management, enforcement and implementation of the incentives granted to its
6 respective duly registered entities and enterprises. Among others, it shall adopt and
7 implement systems and procedures affecting defense/military trade and the
8 appropriate customs policies. The BOC shall set up and establish a custom's
9 controlled area outside the gate of the **SpEDZ** to facilitate payment of taxes on goods
10 entering the Philippine customs territory; and (b) The **SpEDZ Authority**
11 **(SpEDZA)** shall likewise submit to the DOF its annual tax expenditures based on
12 the tax incentives granted to its registered enterprises. The DOF, for its part, shall
13 create a single database of all incentives provided by the governing authority. The
14 DOF and the DND shall, jointly, monitor the incentives granted to the duly registered
15 entities and enterprises and submit all annual report/s to the President.

16 **Section 9. Extension of Period of Availment.** - The availment period of
17 the incentives provided herein may be extended by **SpEDZ Authority (SpEDZA)**,
18 in the event that the duly registered entities and enterprises has suffered operational
19 force majeure that has impaired its viability, or equivalent thereto.

20 **Section 10. Duration of Incentives.** - The duly registered entities
21 Enterprises registered with **SpEDZ** may enjoy the INCOME TAX HOLIDAY (ITH) or
22 the NET OPERATING LOSS CARRYOVER (NOLCO) granted by the authority prior
23 to the availment of the five percent (5%) GROSS INCOME EARNED (GIE). Fiscal
24 incentives under this Act shall be terminated after a cumulative period of twenty (20)
25 years from date of registration or start of commercial operation, whichever is
26 applicable, except that it could be extended with regard to industries deemed
27 indispensable to national development and interest. The industries exempted from
28 this provision shall be determined by the **SpEDZ Authority (SpEDZA)**.

29 **Section 11. Creation of the Special Economic DEFENSE ZONE**
30 **Authority. (SpEDZA).** - There is hereby created a specialized and independent
31 body corporate to be known as the **A Special Economic Defense Zone**
32 **Authority**, hereafter referred to as the **SpEDZA** which shall manage and operate
33 the **SpEDZ**, in accordance with the provisions of this Act.

34 **Section 12. Principal Office of the SpEDZA.** - The **SpEDZA** shall
35 maintain its principal office in Camp Gen. Antonio Luna, Municipality of Lamao,
36 Province of Bataan, but it may establish liaison offices within the Philippines as may
37 be necessary for the proper conduct of its business.

38 **Section 13. Powers and Functions of the SpEDZA.** - The **SpEDZA**
39 shall have the following functions:

- a. To adopt, alter, use a corporate seal, to contract, lease, buy, sell, acquire, own and dispose properties of whatever nature;
- b. To sue and be sued in order to carry out its duties, responsibilities, privileges, powers and functions as granted and provided for in this Act and to exercise the power of eminent domain for public use and public purpose;
- c. To operate, administer, manage, develop, in accordance with Executive Order No. 525, as amended, the **SpEDZ** according to the principles and provisions set forth in this Act and to coordinate with the LGUs for the development plans, activities and operation of the **SpEDZ**;
- d. To recommend to the President the issuance of a proclamation to fix and delimit the site of the **SpEDZ**;
- e. To register, regulate and supervise the entities and enterprises in the **SpEDZ** in an competent, efficient and decentralized manner, subject to existing laws;
- f. To coordinate with the LGUs and exercise general supervision over the development plans, activities and operations of the **SpEDZ**;
- g. To Establish, administer, operate and maintain the Government Arsenal;
- h. To Formulate plans and programs to achieve self-sufficiency and self-reliance in small arms, mortars and other advanced weapons and munitions research, development and production;
- i. To research, design, develop, engineer, manufacture, procure, stockpile and allocate arms, mortars and other weapons and munitions without the necessity of obtaining any permits or licenses;
- j. To create, develop, devise ways and means for the efficient and proficient mobilization of civilian industry to augment the production of the Government Arsenal in times of emergency;
- k. To authorize or undertake, on its own or through others, and to regulate the establishment, construction, operation and maintenance of public utilities, services, and infrastructure in the **SpEDZ** such as shipping, barging, stevedoring, cargo, handling, hauling, warehousing, storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads, bridges, reclamation projects, terminals, conveyors, water supply and storage, sewerage, drainage, airport operations in coordination with the Civil Aeronautics Board, and such other services or concessions or infrastructure necessary or incidental to the accomplishment of the objectives of this Act: *Provided, however,* That the private investors in

1 the **SpEDZ** shall be given priority in the awarding of contracts,
2 franchises, licenses, or permits for the establishment, operation and
3 maintenance of utilities, services and infrastructure in the **SpEDZ**;

- 4 l. To license, set fees, regulate and undertake the establishment,
5 operation and maintenance of utilities, other services, educational and
6 medical Institutions and infrastructure in the **SpEDZ** such as, but not
7 limited to, heat, light and power, water supply, telecommunications,
8 mobile, internet and other data facilities, transport, toll roads and
9 bridges, port services, etc., and to fix just, reasonable and competitive
10 rates, fares, charges and prices thereof;
- 11 m. To construct, acquire, own, lease, operate and maintain on its own or
12 through contracts, franchises, licenses, bulk purchase from the private
13 sector and build - operate - transfer scheme, or under a Joint venture
14 with the private sectors, any or all of the public utilities and
15 infrastructure required or needed for the operation and development of
16 the **SpEDZ**, in coordination with appropriate national and local
17 government authorities and in conformity with applicable laws and
18 thereon;
- 19 n. To raise or borrow, within the limitation provided by law, adequate and
20 necessary funds from local or foreign sources, to finance its projects
21 and programs under this Act, and for that purpose, to Issue bonds,
22 promissory notes, and other forms of securities, and to secure the same
23 by a guarantee, pledge, mortgage, deed of trust, or an assignment of all
24 or part of its property or assets;
- 25 o. To provide security for the **SpEDZ** in coordination with the national
26 and local governments. For this purpose, the **SpEDZ** may establish
27 and maintain its security forces and firefighting capability or hire
28 others to provide the same. In the event that an assistance of the
29 military force is necessary, it shall not interfere in the internal affairs of
30 the **SpEDZ** except to provide the necessary security and defense, and
31 their expenses shall be borne by the National Government;
- 32 p. To protect, preserve, maintain and develop the virgin forests, beaches,
33 coral and coral reefs, and maintain ecological balance within the FAB.
34 For this purpose, the rules and regulations of the Department of
35 Environment and Natural Resources (DENR) and other government
36 agencies involved in the above functions shall be implemented by the
37 **SpEDZ**;
- 38 q. To create, operate and/or contract to operate such functional units or
39 offices of the **SpEDZ** as it may deem necessary;
- 40 r. To issue certificates of origin for products manufactured or processed
41 in the **SpEDZ**;

- s. To Issue rules and regulations consistent with the provisions of this Act as may be necessary to implement and accomplish the purposes, objectives and policies provided herein;
- t. 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;
- u. To be vested with other powers enjoyed or exercised by other free port zone authorities; and
- v. To perform such other functions as may be provided by law.

Section 14. Board of Directors of the SpEDZ. - The powers of the **SpEDZA** 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 **SpEDZA**;

(b) A vice chairman who shall come from among the members of the Board;

(c) Members consisting of:

- 1) Two (2) representatives from the National Government from the DND and DILG, respectively;
- 2) One (1) representative from the Province of Bataan;
- 3) One (1) representative from the district covering the site of the **SpEDZA**;
- 4) One (1) representative from the Municipality of Lamao, Province of Bataan;
- 5) One (1) representative from the AFP currently enlisted or in active service;
- 6) One (1) representative from the PNP currently enlisted or in active service;
- 7) One (1) representative from the domestic investors;
- 8) One (1) representative from the foreign investors; and
- 9) One (1) representative from the workers working in the **SpEDZ**.

The chairman and the members of the Board, shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner separated from service due to death, voluntary resignation or removal for cause. In case of death, resignation or removal for cause, the replacement shall serve only the unused portion of the term.

1 Except for the representatives of the business and labor sectors, no person
2 shall be appointed by the President of the Philippines as a member of the
3 Board unless he is a Filipino citizen, of good moral character, of proven
4 probity and integrity, and a degree holder in any of the following fields:
5 economics, business, public administration, law, management, military
6 science, or their equivalent, and with at least ten (10) years relevant working
7 experience preferably in the field of management or public administration.

8 The members of the Board shall each receive per diem at rates to be
9 determined by the Department of Budget and Management (DBM) in
10 accordance with existing rules and regulations: *Provided, however,* that, the
11 total per diem collected each month shall not exceed the equivalent per diem
12 for four (4) meetings.

13 **Section 15. Powers and Duties of the Chairman-Administrator.** - The
14 chairman - administrator shall have the following powers and duties:

15 (a) To direct and manage the affairs of the **SpEDZ** in accordance with the
16 policies of the Board;

17 (b) To establish the internal organization of the **SpEDZ** under such
18 conditions that the Board may prescribe;

19 (c) To submit an annual budget and necessary supplemental budget to the
20 Board for Its approval;

21 (d) To submit within thirty (30) days after the close of each fiscal year an
22 annual report to the Board and such other reports as may be required;

23 (e) To submit to the Board for its approval policies, systems, procedures, rules
24 and regulations that are essential to the operation of the **SpEDZ**;

25 (f) To create a mechanism in coordination with relevant agencies for the
26 promotion of industrial peace, the protection of the environment, and the
27 advancement of the quality of life in the **SpEDZ**; and

28 (g) To perform such other duties as may be assigned to him by the Board or
29 which are necessary or incidental to his office.

30 **Section 16. Organization and Personnel.** - The **SpEDZA** Board of
31 Directors shall provide for an organizational structure and appoint employees,
32 subject to the civil service law. Upon the recommendation of the chairman -
33 administrator and with the approval of the Secretary of the DTI, the Board shall
34 appoint and fix the remuneration and other emoluments of its officers and
35 employees in accordance with existing laws on compensation and position

1 classification: *Provided*, That the Board shall exercise administrative supervision on
2 their employees.

3 The officers and employees of the **SpEDZA**, including all members of the
4 Board, shall not engage directly or indirectly in partisan activities nor take part in
5 any election, except to vote.

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

8 **Section 17. Special Labor Center.** - A special Labor center shall be
9 established within the **SpEDZ**. This Special center shall endeavor to and be
10 responsible to pro-actively play a vital role in the studying and amicably settling
11 professional, labor relations issues and disputes, interpretation of employment
12 service contracts, and monitoring work, work place, hygiene and safety standards
13 within the **SpEDZ** most especially in the duly registered entities and enterprises.
14 The Special Labor Center shall comprise a labor office, an industrial health and
15 safety office, an inspection/investigative and disputes office, and an enforcement
16 office.

17 **Section 18. Banking Rules and Regulations.** - For financial
18 transactions within the **SpEDZ** the existing banking laws and rules/regulations of
19 the BSP shall apply to banks and financial institutions to be established within the
20 **SpEDZ**.

21 **Section 19. Remittances.** - In the case of foreign investments, a duly
22 registered entity or enterprise within the **SpEDZ** shall have the right to remit
23 earnings from the investment in the currency in which the investment was originally
24 made and at the exchange rate prevailing at the time of remittance, subject to the
25 provisions of Section 74 of Republic Act No. 265, as amended.

26 **Section 20. Applicability Clause.** - The provisions of Sections 30-41 of
27 Republic Act No. 7916, otherwise known as "The Special Economic Zone Act of
28 1995", as amended, shall likewise apply to the **SpEDZ**.

29 **Section 21. Capitalization.** - The **SpEDZ** shall have an authorized capital
30 stock of THREE billion pesos (Php3,000,000,000.00), with option to increase
31 capitalization upon the discretion of the **SpEDZ**, divided into thirty thousand
32 (30,000) no - par shares fully subscribed and paid up by the Republic of the
33 Philippines with: (a) All lands embraced and covered by the **SpEDZ**, as well as
34 permanent improvements and fixtures upon proper inventory not otherwise
35 alienated, conveyed, or transferred to another government agency; (b) All other
36 assets which the President may transfer to the **SpEDZ** as part of the equity
37 contribution of the government; and (c) Cash contribution by the government in the
38 amount of Five hundred million pesos (Php500,000,000.00) a year for the next five

(5) years, which is hereby appropriated out of any fund in the National Treasury not otherwise appropriated.

Section 22. Supervision and Control. - For purposes of policy direction and coordination, the **SpEDZ** shall be under the direct control and supervision of the Office of the President of the Philippines.

Section 23. Regional Development Council. - The **SpEDZ** shall determine the development goals for the **SpEDZ** within the framework of national development plans, policies and goals. The administrator shall, upon approval by the Board, submit the **SpEDZ** plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

Section 24. Relationship with Local Government Units. - Except as herein provided, the Municipality of Limay in the Province of Bataan shall operate and function in accordance with the, framework of the 1987 Constitution, Local Government Code of 1991, and REPUBLIC ACT NO. 7898 otherwise known as "AN ACT PROVIDING FOR THE MODERNIZATION OF THE ARMED FORCES OF THE PHILIPPINES AND FOR OTHER PURPOSES", REPUBLIC ACT NO. 10349, otherwise known as "AN ACT AMENDING REPUBLIC ACT NO. 7898, ESTABLISHING THE REVISED AFP MODERNIZATION PROGRAM AND FOR OTHER PURPOSES", applicable provisions of the Local Government Code, the **SpEDZ**

In case of any conflict between the **SpEDZ** and the local government units (LGUs) and the National Government (NG) on matters affecting the **SpEDZ** other than national defense and security matters, the decision of the **SpEDZ** shall prevail.

Section 25. Legal Office. - The **SpEDZA** shall have and maintain its own internal legal office, appropriate in number under the supervision of the Government Corporate Counsel. When the exigencies of its businesses and operations demand, the **SpEDZA** may engage the services of an outside counsel either on a case to case or on a fixed retainer basis.

Section 26. Interpretation/Construction. - The powers, authorities and functions that are vested in the **SpEDZA**, are intended to establish, national self-sufficiency and self-reliance in the advancement of and protection of National Integrity, decentralization of governmental functions and authority and promote an efficient and effective working relationship between the **SpEDZA**, the National Government and the LGU.

Section 27. Audit. - The Commission on Audit shall appoint a full - time auditor in the **SpEDZA** or may assign such number of personnel as may be necessary in the performance of their functions.

1 **Section 28. Transitory Provisions.** - All properties, assets, funds, rights,
2 obligations, and liabilities of the GOVERNMENT ARSENAL are hereby transferred
3 to the **SpEDZA**, except for the liabilities that are not properly accounted for as per
4 the reports coming from the Commission on Audit, which shall be retained by the
5 PEZA.

6 The **SpEDZA** shall be responsible for the operations, administration,
7 management and development of the **SpEDZ**. The **SpEDZA** shall effect the transfer
8 herein provided in a manner that will ensure the least disruption of ongoing
9 programs of the Government Arsenal. The qualified and necessary personnel of the
10 Government Arsenal shall be transferred to and absorbed by the
11 **SpEDZA**; *Provided*, That the tenure, rank, salaries and privileges of such personnel
12 are not reduced or adversely affected. The personnel whose services are not retained
13 by the **SpEDZA** shall be granted separation pay and retirement and other benefits
14 they are entitled to under existing laws but in no case shall the separation pay be less
15 than the current one (1) month salary for every year of service.

16 In the period prior to the actual assumption of duties by the **SpEDZA**, all
17 officers and employees of the Government Arsenal shall continue to exercise their
18 functions and discharge their duties and responsibilities. The Government Arsenal
19 shall be deemed abolished upon the organization of the **SpEDZA**.

20 **Section 29. Implementing Rules and Regulations.** - The DTI, the DOF,
21 DND, the LGU and the Department of the Interior and Local Government shall
22 formulate the implementing rules and regulations of this Act within ninety (90) days
23 after its approval. Such rules and regulations shall take effect fifteen (15) days after
24 their publication in a newspaper of general circulation in the Philippines.

25 **Section 30. Separability Clause.** - If any provision of this Act shall be
26 held unconstitutional or invalid, the other provisions not otherwise affected shall
27 remain in full force and effect.

28 **Section 31. Repealing Clause.** - Republic Act No.1884, otherwise known
29 as "An Act to Establish A Government Arsenal, Provide For its Operation and for
30 Other Purpose" are hereby amended. All laws, executive orders or issuances or any
31 part thereof which are inconsistent herewith are hereby repealed or amended
32 accordingly.

33 **Section 32. Effectivity Clause.** - This Act shall take effect after fifteen (15)
34 days following its complete publication in the Official Gazette or in two (2)
35 newspapers of general circulation whichever is earlier

36 **APPROVED.**