

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
Third Regular Session

House Bill No. 8496



Introduced by **MAGDALO Party-List Representative**
HON. GARY C. ALEJANO

EXPLANATORY NOTE

The economic benefits of airports are well recognized for primary, commercial service, reliever and urban general aviation airports, however less well known are the benefits and importance of rural ones.

In a research conducted in the United States, the benefits of airports to rural communities are the following:

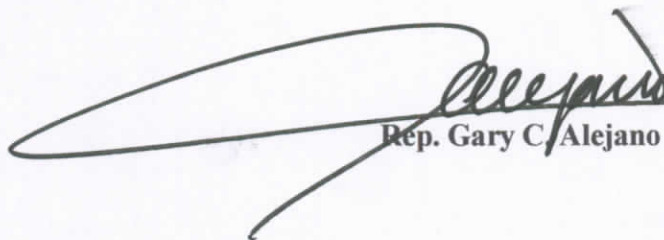
- a. Enhanced quality of life;
- b. Access to needed professional services;
- c. Improved quality of healthcare;
- d. Effective and timely response to disasters, emergencies, and fires;
- e. Support for local businesses including agriculture and timber businesses;
- d. Improved ability to petition the government;
- f. Enriched community life; and
- d. Improved sense of well-being

Rural airports are integrated into the life of rural communities. While not numerous, flights or activities associated with rural airports occur regularly that are key to health care, disaster and emergency response, business, public safety, economic development, and other factors that improve the quality of life. In this sense, rural airports are essential public facilities.

All rural communities, especially here in the country, must maintain access to the centers where medical and non-medical specialists, parts inventories, and treatment technologies are available. Rural airports provide an access point to these centers of medical excellence situated in far-flung areas, particularly those situated here in Luzon.

Rural economies can also benefit from rural airports, which can provide an alternative means of transporting goods. This is most beneficial to landlocked provinces where transfer of goods by sea would require time and greater costs. As such, these airports are vital in spurring economic development of rural economies that are lagging behind its urban counter parts

In sum, the lack of rural airports would have a negative impact on the quality of health care, economic development, and the ability of local and national governments in responding to disasters and emergencies.


Rep. Gary C. Alejano

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1 **AN ACT**
2 **GRANTING THE RIGHT TO FRANCHISEES TO DEVELOP THE RURAL AIRPORT**
3 **INFRASTRUCTURE NETWORK IN THE PHILIPPINES FOR COMMERCIAL AND**
4 **OTHER PURPOSES**
5

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

9 **SECTION 1. *Short Title.*—**This Act shall be known as the “**Rural Airport Development**
10 **Act.**”

11 **SEC. 2. *Franchisee.*—**The provisions of this Act shall be available to any congressional
12 franchise holder engaged in rural air transport operating any type or fixed or rotary wing, land, or
13 sea type of aircraft.

14 **SEC. 3. *Rural Airport.*—**As used in this Act, a rural airport shall mean any runway, take-off
15 and landing area or seaway, not exceeding one thousand two hundred (1,200) meters in length, with
16 a total land area not exceeding twenty (20) hectares, which may be accessed by any type of aircraft
17 rated by its manufacturers to utilize the facilities.

18 Such airports are those which, due to the remoteness, lack the presence and continuous
19 operations of any government regulatory body.

20 Such an airport shall be so certified as a regular rural destination by any franchise.

21 **SEC. 4. *Construction, Management, Operation, and Maintenance of Rural Airports.*—**
22 Any franchisee may construct, manage, operate and/or maintain any rural airport in any part of the
23 Philippines in order to eventually make each municipality regularly accessible within easy reach of
24 the principal and proximate urban areas with a population of at least one hundred thousand
25 (100,000).

1 **SEC. 5. *Use of Provincial or Municipal Road.***—Any provincial or municipal road may be
2 used for take-off and landing purposes, provided these are delineated and previously approved by
3 the municipal or provincial government for such use, provided further, that the features of the said
4 airport are within the specifications and operating limits according to the manufacturers of the
5 aircraft employed and provided finally, that adequate safety standards are followed by the
6 franchisee.

7 **SEC. 6. *Development of the Surrounding Area of the Airport.***—In order to encourage
8 industries to be developed within the immediately surrounding area of the airport, the franchisee
9 may establish, manage, lease, and operate the following activities: aircraft hangarage, educational
10 facilities for aircraft mechanics, pilot and personnel; warehouses, light industry, commercial and
11 financial facilities; hotel guest house and tourism facilities; and telecommunications facilities to
12 support activities, provided these facilities are within five hundred-meter (500m) radius of the
13 runway of said airports.

14 **SEC. 7. *Government Use.***—The franchisee, with the use of its own aircraft and airport
15 facilities may provide said services to any branch of the Armed Forces of the Philippines (AFP) or
16 any government agency to be compensated either in cash or in the equivalent amount of aviation
17 fuel to be drawn from any government branch or agency in areas where these are available within
18 terms mutually acceptable to both parties.

19 **SEC. 8. *Right to Operate.***—To relieve the government of the expenses in maintaining rural
20 airports and other missionary destinations, and as a variation of the Build-Operate-Transfer Law,
21 the franchisee may takeover the management, maintenance, and operation of any existing
22 government agency-operated rural airport, provided that the franchisee's own annual operating
23 costs of operating and maintaining said airport, adjusted for an annual increment not to exceed ten
24 percent (10%) per annum. All subsequent operating expenses of the airport and the air terminal
25 shall be for the account of the franchisee. The savings to the government agency due to the relief
26 from operating the airport and terminal may be employed for other airport projects elsewhere.

27 **SEC. 9. *Right to Purchase or Lease.***—The franchisee shall have the right to purchase
28 and/or lease, whichever is applicable and available, adequate space at any government or
29 government agency-owned airport, aerodome, or air terminal for purposes of linking the rural air
30 transport system with national and international flight and providing necessary support services.

31 **SEC. 10. *Insurance Coverage.***—The franchisee shall be required to cover all passengers
32 and cargo with insurance as specified by the Air Transport Office (ATO) or the Civil Aeronautics

1 Board (CAB). Any third party liability of the franchisee shall be limited to the amount of the
2 insurance cover so specified.

3 **SEC. 11. *Franchisee as Deputy of ATO.***—Whenever the Air Transport Office (ATO) is not
4 present in any airport point of origin or destination within the Philippines, the franchisee shall
5 automatically assume the status as the deputy of the ATO for air safety purposes. The franchisee, as
6 well as the airports operated by the franchisee shall not be subject to any restrictive operations by
7 any government agency except those that pertain to the national interest. Regular reports on all
8 airports operated by the franchisee shall be made by the franchisee to the ATO.

9 **SEC. 12. *Full Authority to Administer.***—The franchisee shall exercise authority as may be
10 necessary within its premises or airports of operation and carry out its functions, provided that the
11 Franchisee may request the assistance of law enforcement agencies, including deputization may be
12 required. Such authority shall be exercised in connection with the following:

13 a. Maintenance of safety and security to passengers, cargos, aircraft, airport
14 equipment, structures, facilities, personnel, funds and documents;

15 b. Regulating entry to, exit from and movement within the airports;

16 c. Maintenance of peace and order within the premises;

17 d. Contracting of private security agencies;

18 e. Removal of natural obstructions that affect safety of takeoff and landing such as
19 trees without need for government clearances; and

20 f. Enforcement of the rules and regulations promulgated by the franchisee pursuant
21 to the law.

22 In case of emergencies or imminent danger involving national security within the airport
23 premises, the Philippine Air Force Security Command shall take charge.

24 **SEC. 13. *Tax Incentives.***—The franchisee as operator of rural airport, shall be exempt from
25 any and all taxes, including income, capital gains, lease, rental, gross, value-added, *ad valorem*,
26 compensating, import and export duties on its aircraft parts and maintenance and overhauling
27 equipment, interest on loans and dividends on investment contracted or granted, fuel, oil and real-
28 estate taxes. In lieu of said taxes, the franchisee shall pay the government, through the Nationla

1 Treasury, ten (10%) percent of the gross revenue charged for all landing and take-off fees being
2 charged on certified rural airports.

3 **SEC. 14. *Authority to Offset.***—The provisions of the existing laws to the contrary
4 notwithstanding, the Secretary of Budget and Management and/or the National Treasurer are hereby
5 authorized to offset any outstanding obligation of the franchisee as the operator of rural airport to
6 any agency or instrumentality of the government, including those incurred in the construction and
7 maintenance of certified rural airports.

8 **SEC. 15. *Proceeds of the Offset.***—The franchisee shall be authorized to purchase, lease,
9 construct, rehabilitate, modernize, improve rural airports as defined in this Act and apply the to
10 offset in accordance with Section 13 its expenses, provided that the amounts do not exceed fifty
11 percent (50%) of the equivalent costs of the government airport nearest to the certified rural airport.
12 The franchisee shall also be authorized to manage, maintain, and administer said rural airports and
13 apply its costs of management, administration, and maintenance to its right to offset under Section
14 14, provided that such costs do not exceed fifty percent (50%) of the current management,
15 administration, and maintenance costs of the government airport nearest to the certified rural
16 airports.

17 **SEC. 16. *Leniency Clause.***—The franchisee shall be required to comply with the provisions
18 of Presidential Decree No.442 as amended, subject however to periodic review by the Department
19 of Labor and Employment.

20 **SEC.17. *No Disruption Policy.***—As the rural airport is vital to the air transport system in
21 particular and the economy in general, its operations may not be disrupted by any agency unless
22 specifically approved by the President of the Philippines and such disruptions shall not exceed
23 thirty (30) days for any one occasion.

24 **SEC. 18. *Duration of Privilege.***—These powers and privileges herein presented to an
25 eligible franchisee shall be valid for fifty (50) years and renewable for another fifty (50) years,
26 unless invalidated by Congress.

27 **SEC. 19. *Penalty.***—Violators of this Act shall be subjected to a fine of not more than five-
28 hundred thousand pesos (P500,000) or imprisonment for six months, or both, for any offense
29 against the provisions of this Act.

1 **SEC. 19. *Repealing Clause.***—All laws, decrees, executive orders or parts thereof
2 inconsistent with the provisions of this Act is hereby repealed or modified accordingly.

3 **SEC. 20. *Separability Clause.***—If any part or provision of this Act is declared invalid or
4 unconstitutional, the other parts not otherwise affected shall remain in full effect and force.

5 **SEC. 21. *Effectivity.***—This Act shall take effect fifteen (15) days after its publication in the
6 Official Gazette or at least two newspapers of general circulation.

Approved,