

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 45



Introduced by **REP. FRANCISCO "KIKO" B. BENITEZ, Ph.D.**

EXPLANATORY NOTE

The Island of Visayas is popularly known, here and abroad, as a popular tourist destination. It is known for its local delicacies, beautiful people and white sand beaches. When we think of Visayas, the cities and places that come to mind are Boracay, Cebu, Bohol, and Negros, to name a few. Yet, as of 31 March 2017, there are 39 cities and 369 municipalities in Visayas. Of the 369 municipalities, 278 are left behind in terms of economic growth and development thus identified as 3rd to 6th class municipalities. All these 408 cities and municipalities, given the right opportunity for growth will definitely exceed their maximum potential for development.

This humble representation notes, that the approved Philippine Development Plan 2017-2022 puts high premium on inclusive growth. The Philippine Development Plan contains seven main parts articulated through chapters which include Inequality-Reducing Transformation, Increasing Growth Potential, Enabling and Supportive Economic Environment, and Foundations for Inclusive and Sustainable Development, among others.

This Bill seeks to encourage investors to help those 3rd to 6th class municipalities in Visayas through investment by providing incentives through lowering the corporate income tax for corporations located in a 3rd to 6th class municipality and which are subsequently engaged in agro-industrial, industrial, commercial, tourist, banking, investment, and financial enterprises.

Accordingly, it is imperative that this Congress, in the exercise of its mandate and in the performance of its duty to affect inclusive and sustainable growth, take all necessary actions to make sure that growth includes all, affects all, and reaches all. One Visayas, Equal Visayas.


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AN ACT CREATING THE VISAYAS DEVELOPMENT AUTHORITY, DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES

SECTION 1. Title. - This Act shall be known as the "Visayas Development Authority Act of 2019."

SEC. 2. Declaration of Policy. - It is the declared policy of the government to translate into practical realities the following policies and mandates in the 1987 Constitution, namely:

- a. The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments. (Section 20, Article II)
- b. The State shall promote the preferential use of Filipino labor, domestic materials and locally produced goods and adopt measures that help make them competitive. (Section 12, Article XII)
- c. Congress shall give highest priority to the enactment of measures that protect and enhance the right of all the people to human dignity, reduce social, economic, and political inequalities, and remove cultural inequalities by equitably diffusing wealth and political power for the common good. (Section 1, Article XIII)

In pursuance of these policies, the government shall 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 their productivity and their individual and family income, and thereby improve the level and quality of their living condition through the establishment of strategic measures that shall effectively attract legitimate and productive local and foreign investments.

SEC. 3. Purposes, Intent and Objectives. — It is the purpose, intent and objective of this Act:

- a. To provide opportunities for economic growth in the Visayas Region:

- b. To transform Visayas into highly developed agro-industrial, industrial, commercial, tourist, banking, investment, and financial centers;
- c. To promote the flow of investors, both foreign and local, into 3rd and 6th class municipalities in Visayas which would generate employment opportunities; and,
- d. To create a climate conducive to creating business in Visayas by providing incentives for business activity in the said Region.

SEC. 4. Creation of Visayas Development Authority. — The Visayas Development Authority, hereinafter referred to as the Authority, is hereby created which shall promote, coordinate and facilitate the active and extensive participation of all sectors to effect the socioeconomic development of Visayas.

SEC. 5. Coverage. — The Authority shall cover all the provinces, cities and municipalities of Regions VI, VII, and VIII.

SEC. 6. Principal Office and Term. - The Authority shall have its main office in Bacolod, Negros Occidental. It may establish area management offices (AMOs), if necessary, to achieve the objectives of this Act. The Authority shall also have a term of fifty (50) years from the effectivity of its Act and renewable for the same period unless otherwise provided by law.

SEC. 7. Powers and Functions of the VisDA. - In the exercise of those activities which are Visayas-wide and Visayas-specific in character, the Authority shall have the following powers and functions:

- (a) Formulate an integrated development framework for Visayas that is consistent with the development initiatives of the national government, as far as practicable;
- (b) Integrate, prioritize, program and implement, whenever allowed and authorized by applicable laws, Visayas-wide, inter-regional and region-specific programs, activities and projects with Visayas-wide impact, including Official Development Assistance (ODA) projects, subject to such limitations prescribed by existing laws, rules and regulations;
- (c) Recommend to and, whenever necessary, call upon the proper agencies on the technical support, physical assistance and, generally, the level of priority to be accorded to agricultural, industrial, commercial, and infrastructure, environmental, and technological programs and projects soliciting or requiring direct or indirect help from or through the national government or any of its instrumentalities;
- (d) Promote and facilitate investments in any field that would enhance the socioeconomic development of Visayas and uplift the living standards of the people and their socio-political activities in close coordination with agencies primarily mandated to undertake such functions;

- (e) Provide fiscal incentives as provided in Section 14 of this Act for qualified corporations as may be determined by the Authority;
- (f) Coordinate and facilitate the extension of necessary planning, management and technical assistance to prospective and existing investors, complementary and in support of agencies primarily mandated to execute such functions;
- (g) Provide strategic direction for Visayas;
- (h) Establish appropriate mechanisms to ensure the timely implementation of Visayas-wide and/or Visayas-specific inter-regional projects, whenever necessary, as far as practicable, including, but not limited to, public-private partnership;
- (i) Receive and administer donations, contributions, grants, bequests or gifts, in cash or in kind, from foreign governments, international agencies, private entities and other sources, including ODA, to be used in the development of Visayas, subject to existing laws, rules and regulations;
- (j) To sue and be sued, enter into contracts, acquire, purchase, hold, lease, transfer, dispose of property of any kind or nature to carry out the purposes to this Act; and,
- (k) Discharge other functions that may be deemed necessary or as may be provided by law.

The Authority, through the VisDA Chairperson, shall submit to the President and both Houses of Congress annual reports on its accomplishments and activities.

SEC. 8. Chairperson. - The VisDa Chairperson shall be appointed by the President of the Philippines with a Cabinet rank and shall act as the Head of office. He/She shall serve a term of six (6) years from the date of his/her appointment unless removed for cause: *Provided*, That no person shall be appointed as Chairperson unless he/she is a holder of a degree in law or a masteral degree in any of the following fields: economics, business, public administration, law, management or their equivalent and have at least ten (10) years relevant experience in said fields: *Provided*, further, That he/she shall be a resident of Visayas for at least (5) years before the appointment: *Provided, finally*, That he/she shall also be an ex officio member of the NEDA Board and the Tourism Infrastructure and Enterprise Zone Authority (TIEZA) Board.

The Chairperson shall have the following duties and functions:

- (a) Call and preside meetings of the Board and see to it that the policies, programs and rules and regulations are implemented properly;

- (b) Call on formidable players in the formulation and implementation of a comprehensive and integrated development plan for Visayas, investment programs and the preparation of investment programming priorities, annual reports and other pertinent documents approved by the Authority;
- (c) Identify solutions to key issues and concerns, taking into account related risks, affected parties and impact, in coordination with the Board and key stakeholders;
- (d) Advocate the Authority's work among the various concerned sectors and stakeholders;
- (e) Call on any agency, group, individual member of the Board, local government unit, and host community to address issues and concerns relating to implementation of major programs, projects and activities;
- (f) Supervise the monitoring and timely implementation of Visayas-wide and/or Visayas-specific inter-regional programs, projects and activities;
- (g) Endorse to the Board all policy recommendations, plans and programs for approval;
- (h) Represent the Board in regular and special Cabinet meetings;
- (i) Accept, on behalf of the Authority, donations, contributions, grants and bequests or gifts, in cash or in kind, from members, foreign governments, international agencies, private entities or any individual for purpose that will realize the functions of the Authority;
- (j) Supervise administrative operations including disbursement of any fund of the Authority, subject to the usual accounting and auditing procedures, and submit reports thereon;
- (k) Execute and administer the policies and measures approved by the Board;
- (l) Appoint all employees of the Authority, and remove, dismiss or otherwise discipline for cause, such employees in accordance with the standard guidelines for recruitment, employment, and discipline in the Civil Service Code;
- (m) Represent the Authority in all dealings with other offices, agencies, and instrumentalities of the government and with all persons and entities, public or private;
- (n) Sign agreements and/or contracts on behalf of the Authority, including those for expert and consultant services and other reports of accountabilities emanating from the Authority; and,
- (o) Perform such other functions that the Board may direct to carry out the provisions of this Act.

SEC. 9. Executive Director. - An Executive Director shall be appointed by the President of the Philippines upon recommendation by the Chairperson: *Provided*, That no person shall be appointed as Executive Director unless he/she is a holder of a degree in any of the following fields: economics, business, public administration, law, management or their equivalent and have at least five (5) years relevant experience in said fields: *Provided, further*, That he/she shall be a resident of Visayas five (5) years prior to his/her appointment and has the requisite eligibilities for third level career service position pursuant to the career executive rank system: *Provided, finally*, That he/she shall reside in Visayas during his/her incumbency.

The Executive Director shall assist the Chairperson in carrying out the functions of the Authority and shall, likewise, serve as the Secretary of the Board.

SEC. 10. Board of Directors. - The Authority's overall directions and thrusts shall be provided and approved, unless provided otherwise in this Act, by the VisDA Board of directors, hereinafter referred to as the Board. It shall be composed of the following members:

- (a) The VisDA Chairperson;
- (b) The Chairpersons of the Regional Development Councils (RDCs) of Regions VI, VII, and VIII;
- (c) A Senator, upon designation by the Senate President, who shall be an ex officio member;
- (d) The Chairperson of the House Committee on Visayas Development, who shall be an ex officio member;
- (e) The President of the Visayas Confederation of Governors, City Mayors and Municipal Mayors League Presidents; and
- (f) The three (3) representatives from the private sector to be appointed by the President. upon the recommendation of the Board comprising of one (1) representative each from the:
 - (1) Visayas Business Sector;
 - (2) Visayas Academic Sector; and
 - (3) Visayas Non-government Organization (NGO) Sector.

The term of the three (3) representatives from the private sector shall be six (6) years: *Provided*, That at the initial appointment of such members, the second member to be appointed shall only serve a term of four (4) years and the third member to be appointed shall only serve a term of two (2) years: *Provided, further*, That they shall continue to hold office until their successors shall have been appointed. All vacancies, prior to the expiration of the term, shall be filled for the unexpired term only.

Members of the Board shall receive a per diem of 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 its last increase.

The Board shall have the following functions:

- (a) Provide direction and guidance for the Authority's work and thrusts for Visayas;
- (b) Ensure that the goals and policies of the Authority are consistent with the overall national development goals and objectives;
- (c) Ensure that the programs of the Authority are consistent with regional and local development plans, programs and projects and vice versa for purposes of harmonization;
- (d) Explore sources for financing of priority Visayas-wide and/or Visayas-specific inter-regional plans, programs, projects and activities;
- (e) Create committees/task forces as may be deemed necessary in the accomplishment of duties and functions;
- (f) Determine schedules, establish voting procedures, criteria for the constitution of a quorum and other rules and regulations in the conduct of Board meetings;
- (g) Prepare a list containing specific activities of industries that can qualify for the fiscal incentives under this Act duly supported by the studies and existing and prospective demands for such products and services;
- (h) Promulgate rules and regulations as may be necessary to determine the qualified corporations and business establishments on the incentives provided under this Act;
- (i) Process and approve applications for qualification under this Act, imposing such terms and conditions as it may deem necessary to promote the objectives of the same; and,
- (j) Perform such functions as may be necessary to carry out the purposes of this Act.

SEC. 11. Executing Committee. - The Board shall constitute an Executive Committee. hereinafter referred to as the ExeCom, from among its membership to act, for and on its behalf when the Board is not in session. on urgent matters as may be deemed necessary by the Chairperson. To ensure inter-regional representation and participation, the following shall comprise the ExeCom:

- (a) The VisDA Chairperson;
- (b) The Chairpersons of the RDCs;
- (c) The Representative from the Visayas Business Sector; and
- (d) The Representative from the Visayas NGO Sector.

SEC. 12. Organizational Structure. - The Chairperson shall determine the organizational structure, staffing pattern and pay scales of the Authority subject to existing civil service and compensation laws. The Chairperson may reorganize the Authority and may create or abolish divisions, units or branches therein as the exigencies of the affairs of the Authority may require.

SEC. 13. Merit System. - All officials and employees of the VisDA shall be selected and appointed on the basis of merit and fitness in accordance with civil service law, rules and regulations. The recruitment, transfer, promotion, and dismissal of all its personnel including temporary workers shall be governed by a merit system that will be established by the VisDA in compliance with existing laws, rules and regulations.

SEC. 14. Fiscal Incentives. Corporations established and located in Visayas duly qualified under this Act as may be determined by the VisDA shall be entitled to the following fiscal incentives:

- a. The income tax rate of thirty percent (30%) imposed on Domestic Corporations under Section 27 (A), Chapter IV of the National Internal Revenue Code is reduced to ten percent (10%) upon the taxable income derived during each taxable year from all sources within and without the Philippines by every corporation, as defined in Section 22 (B) of the of the National Internal Revenue Code, organized in, or existing under the laws of the Philippines.

Said fiscal incentive shall apply for a period of five (5) years upon approval of the VisDA.

- b. Corporation which met the qualifications shall be entitled to the fiscal incentives as provided for under Presidential Decree No. 66, the law creating the Export Processing Zone Authority, or those provided under Book VI of Executive Order No. 226, otherwise known as the Omnibus Investment Code of 1987.

Except for real property taxes on land owned by developers, no taxes, local and national, shall be imposed on corporations and business establishments which qualified under this Act. In lieu thereof, five percent (5%) of the gross income earned by all business enterprises qualified under this Act shall be paid and remitted as follows:

- a. Three percent (3%) to the National Government; and
- b. Two percent (2%) which shall be directly remitted by the business establishment to the Treasurer's office of the municipality or city where the enterprise is located.

SEC. 15. Appropriations. — Subject to government accounting and auditing procedures, the VisDA shall be provided with an initial allocation for its expenditures to jump start its operations in the performance of its mandate upon approval of this Order, and ONE HUNDRED MILLION PESOS for CY 2017. Appropriations for the succeeding years shall be incorporated in the General Appropriations Act for its continued implementation

SEC. 16. Implementing Rules and Regulations. - The VisDA shall adopt rules and regulations to implement the provisions of this Act within sixty (60) days from the date of its approval.

SEC. 17. Repealing Clause. - All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with or contrary to the provisions of this Act are hereby repealed or modified accordingly.

SEC. 18. Separability Clause. - If any part or provision of this Act is held unconstitutional or invalid, other parts or provisions hereof which are not affected shall continue to remain in full force and effect.

SEC. 19. Effectivity. - This Act shall take effect fifteen (15) days following completion of its publication in at least two (2) newspapers of general circulation.

Approved,