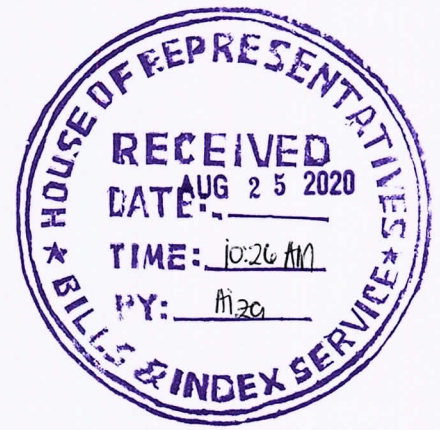


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7483



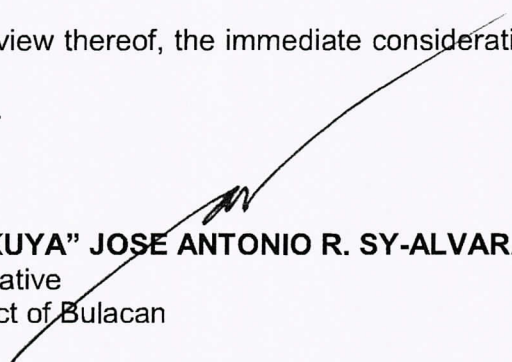
INTRODUCED BY REP. "KUYA" JOSE ANTONIO R. SY-ALVARADO

EXPLANATORY NOTE

San Miguel Corporation is proposing to build a new airport in Bulakan, Bulacan in order to decongest the Ninoy Aquino International Airport (NAIA) given that in 2019, NAIA handled 39.5 million passengers despite its planned capacity of only 31 million. The planned airport will cover a total land area of 2,500 hectares which can accommodate six runways. It will have a total capacity of 100 million passengers annually when fully operational. Aside from decongesting NAIA, the construction of the new airport is consistent with the government's thrust to boost infrastructure spending.

This bill seeks to create an economic zone and freeport around the premises of the new airport. The economic zone and freeport will provide alternative areas for investments outside of Metro Manila. It has the potential to boost economic activity in the area, provide more job opportunities to Bulakeños and the surrounding provinces and improve the economic condition of the province. It is consistent with the declared policy of the government to actively encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development in the country especially in rural areas. Therefore, the establishment of the Bulacan Airport City Special Economic Zone and Freeport is recommended.

In view thereof, the immediate consideration and approval of this bill is earnestly requested.


CONG. "KUYA" JOSE ANTONIO R. SY-ALVARADO
Representative
First District of Bulacan

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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EIGHTEENTH CONGRESS
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HOUSE BILL NO. 7483

INTRODUCED BY REP. "KUYA" JOSE ANTONIO R. SY-ALVARADO

AN ACT
ESTABLISHING THE BULACAN AIRPORT CITY SPECIAL ECONOMIC ZONE AND
FREEPORT, PROVINCE OF BULACAN AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER 1
GENERAL PROVISIONS

SECTION 1. *Short Title.* - This Act shall be known as the "Bulacan Airport City Special Economic Zone and Freeport Act."

SEC. 2. *Declaration of Policy.* - It is declared the policy of the State to encourage, promote, and accelerate the sound and balanced industrial, economic and social development of the country. The establishment of special economic zones shall attract legitimate and productive foreign investments in strategic locations in the country. It shall generate employment and increase productivity and individual, as well as family incomes, thereby enhancing the quality of life of the Filipino people.

CHAPTER II
CREATION OF THE ECONOMIC ZONE AND FREEPORT

SEC. 3. *Creation of the Bulacan Airport City Special Economic Zone and Freeport* - In accordance with the foregoing declared policy and subject to the concurrence of the affected local government units (LGUs) of Bulacan, there is hereby established a Special Economic Zone and Freeport, hereinafter referred to as the Bulacan Ecozone. The Bulacan Ecozone shall cover the domestic and international airport, the Airport City, and the entire Municipality of Bulacan in the Province of Bulacan. The specific metes and bounds of the Bulacan Ecozone shall be more

particularly defined in a presidential proclamation that shall be issued for this purpose: *Provided*, That the lands embraced therein shall be public lands and contiguous to one another.

SEC. 4. Creation of the Bulacan Airport City Special Economic Zone and Freeport Authority. - There is hereby created a body corporate to be known as the "Bulacan Airport City Special Economic Zone and Freeport Authority" hereinafter referred to as the BACSEZFA, which shall manage and operate the Bulacan Ecozone, in accordance with the provisions of this Act. This corporate franchise shall expire in fifty (50) years counted from the first year after the effectivity of this Act, unless otherwise extended by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

SEC. 5. Governing Principles. - The BACSEZFA, created under Section 4 of this Act, shall manage and operate the Bulacan Ecozone under the following principles:

- a) Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the Bulacan Ecozone shall have a domestic and international airport and be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial/trading, agro-industrial, tourist, banking, financial and investment center with suitable residential areas under the Airport City;
- b) The Bulacan Ecozone shall be equipped with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of the Municipality of Bulakan and its neighboring towns and cities;
- c) The Bulacan Ecozone may establish mutually beneficial economic relations with other entities or enterprises within the country or, subject to the administrative guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority (PEZA), and/or the Department of Trade and Industry (DTI), with foreign entities or enterprises;
- d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the Bulacan Ecozone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce

within the Bulacan Ecozone;

- e) The Bulacan Ecozone shall be managed and operated as a separate customs territory thereby ensuring the free flow or movement of goods and capital within, into, and out of its territory, and shall likewise provide incentives such as tax and duty-free importations of raw materials, capital and equipment to registered enterprises located therein. However, exportation or removal of goods from the territory of the Bulacan Ecozone to the other parts of the Philippine territory shall be subject to customs duties and taxes under the Customs and Tariff Code and other relevant tax laws of the Philippines;
- f) The areas comprising the Bulacan Ecozone may be expanded or reduced when necessary. For this purpose, the BACSEZFA, in consultation with the LGUs, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Bulacan Ecozone for the following purposes: (1) consolidation of lands for zone development; (2) acquisition of right of way to the Bulacan Ecozone; and (3) the protection of watershed areas and natural assets valuable to the prosperity of the Bulacan Ecozone;
- g) Goods manufactured by a Bulacan Ecozone 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 BSEZFA together with the PEZA, the Bureau of Customs (BOC) and the DTI. However, in order to protect domestic industries, a Negative List of industries shall be drawn up and regularly updated by PEZA. Enterprises engaged in industries included in such Negative List shall not be allowed to sell their products locally;
- h) The defense of the Bulacan Ecozone and the security of its perimeter fence shall be the responsibility of the national government in coordination with the BACSEZFA and the LGUs.

SEC. 6. Principal Office of the BACSEZFA. - The BACSEZFA shall maintain its principal office at the Airport City, but it may establish liaison offices within the Philippines as may be necessary for the proper conduct of its business.

SEC. 7. Powers and Functions of the BACSEZFA. - The BACSEZFA shall have the following powers and functions:

- a) To operate, administer, manage and develop the Bulacan Ecozone according to the principles and provisions set forth in this Act,
- b) To register, regulate and supervise the enterprises in the Bulacan Ecozone in an efficient and decentralized manner, subject to existing laws;
- c) To coordinate with LGUs and exercise general supervision over the development plans, activities and operations of the Bulacan Ecozone;
- d) To regulate and undertake the establishment, construction, operation and maintenance of public utilities, other services, and infrastructure in the Bulacan Ecozone such as light and power, shipping, barging, stevedoring, cargo handling, hauling, warehousing, storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads, telecommunications, transport, bridges, terminals, conveyors, water supply and storage, sewerage, drainage, airport operations in coordination with the Civil Aviation Authority of the Philippines and such other services or concessions or infrastructure necessary or incidental to the accomplishment of the objectives of this Act;
- e) To construct, acquire, own, lease, operate and maintain on its own or through contracts, franchise, licenses, bulk purchase from the private sector or permits under any of the schemes allowed in Republic Act No. 6957, otherwise known as the Build-Operate-Transfer Law, as amended, or joint venture, adequate facilities and infrastructure required or needed for the operation and development of the Bulacan Ecozone, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;
- f) To approve plans, programs and projects of the Bulacan Ecozone, to be submitted to the Regional Development Council for inclusion and inputs to the overall regional development plan;
- g) To operate on its own, either directly or through licenses to others, tourism-related activities, including games, amusements, recreational and sports facilities;
- h) To raise or borrow, within the limitation provided by law, and subject to the approval or opinion of the Monetary Board of the *Bangko Sentral Ng Pilipinas* (BSP), as the case may be, adequate and necessary funds from local or foreign

sources, to finance its projects and programs under this Act and for this purpose, to issue bonds, promissory notes and other forms of securities, and to secure the same by a guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its property or assets;

- i) To protect, preserve, maintain and develop the forests, beaches, coral and coral reefs, and maintain ecological balance within the Bulacan Ecozone. Notwithstanding the authority of the BACSEZFA to create rules for such purpose, the rules and regulations of the Department of Environment and Natural Resources (DENR) and other government agencies involved in the above functions shall be implemented by the BACSEZFA;
- j) To create, operate and/or contract to operate such functional units or offices of the BACSEZFA as it may deem necessary;
- k) To adopt, alter and use a corporate seal; contract, lease, buy, acquire, own or otherwise dispose of personal and/or real property of whatever nature; sue and be sued; and otherwise carry out its functions and duties as provided for in this Act;
- l) To issue certificates of origin for products manufactured or processed in the Bulacan Ecozone in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI and/or the Department of Finance (DOF);
- m) To establish one-stop shops for the issuance of all necessary permits, clearances, licenses, and other similar certifications to conduct such activities intended to improve the ease of doing business within the Bulacan Ecozone, in coordination with government agencies having jurisdiction over activities therein: *Provided, That* all government agencies are directed to provide and extend utmost and full cooperation to the Bulacan Ecozone in the establishment of such one-stop shops;
- n) To provide internal security to the Bulacan Ecozone in coordination with the National government and affected LGU. For this purpose, the BACSEZFA shall provide and establish its own internal security and firefighting forces or hire others to provide the same. Military forces to be assigned by the National Government for national defense purposes shall not interfere in the internal affairs of the Bulacan Ecozone and expenditures for these military forces shall be borne by the National Government;

- o) 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; and
- p) To issue rules and regulations consistent with the provisions of this Act as may be necessary to accomplish and implement the purposes, objectives and policies provided herein.

SEC. 8. Board of Directors of the BACSEZFA. - The powers of the BACSEZFA 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 Chairperson, who shall at the same time be the administrator of the BACSEZFA;
- b) A Vice Chairperson who shall be elected from among the Members of the Board of Directors;
- c) Members consisting of:
 - 1) Two (2) representatives from the National Government;
 - 2) One (1) representative from the Province of Bulacan;
 - 3) One (1) representative from the legislative district covering the premises of the Bulacan Ecozone;
 - 4) One (1) representative from the Municipality of Bulakan;
 - 5) One (1) representative from the domestic investors in the Bulacan Ecozone;
 - 6) One (1) representative from the foreign investors in the Bulacan Ecozone; and
 - 7) One (1) representative from the workers working in the Bulacan Ecozone.

The Chairperson 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, their replacements shall serve only the unexpired portion of the respective terms.

Except for the representatives from the business and labor sectors, no person shall be appointed by the President of the Philippines as a member of the Board unless he is a Filipino citizen, of good moral character, of proven probity and integrity, and a degree-holder in any of the following fields: economics, business, public administration,

law, management or their equivalent, and with at least ten (10) years relevant working experience preferably in the field of management or public administration.

The members of the Board shall each receive *per diem* at rates to be determined by the Department of Budget and Management (DBM) in accordance with existing rules and regulations: *Provided, however,* That the total *per diem* collected each month shall not exceed the equivalent per diem for four (4) meetings. Unless and until the President of the Philippines has fixed a higher *per diem* for the members of the Board, such per diem shall not be more than ten thousand pesos (P10,000.00) for every Board meeting.

SEC. 9. *Organization and Personnel.* – The Board of Directors of the BACSEZFA shall provide for its organization and staff. The Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification. The Board shall have exclusive and final authority to promote, transfer, assign, reassign, or remove officers of the BACSEZFA, any provision of existing law to the contrary notwithstanding. The Chairperson-Administrator shall execute the decisions of the Board.

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

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

SEC. 10. *Powers and Duties of the Chairperson-Administrator.* – The Chairperson-Administrator shall have the following powers and duties:

- a) To direct and manage the affairs of the BSEZFA in accordance with the policies of the Board;
- b) To establish the internal organization of the BACSEZFA under such conditions that the Board may prescribe;
- c) To submit an annual budget and necessary supplemental budget to the Board for its approval;

- d) To submit within thirty (30) days after the close of each fiscal year an annual report to the Board and such other reports as may be required;
- e) To submit to the Board for its approval, policies, systems, procedures, rules and regulations that are essential to the operation of the Bulacan Ecozone;
- f) To recommend to the Board the remuneration and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification;
- g) To create a mechanism in coordination with relevant agencies for the promotion of industrial peace, the protection of the environment, and the advancement of the quality of life in the Bulacan Ecozone; and
- h) To perform such other duties as may be assigned by the Board or which are necessary or incidental to the office.

SEC. 11. *Legal Counsel.* - The BACSEZFA shall have its own internal legal counsel under the supervision of the government corporate counsel. When the exigencies of its businesses and operations demand it, the BACSEZFA may engage the services of an outside counsel either on a case to case or on a fixed retainer basis.

CHAPTER III INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS

SEC. 12. *Investors Visa.* - 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 the foreign national has the following qualifications:

- a) Must be at least eighteen (18) years of age;
- b) Must not have been convicted by final judgment of a crime involving moral turpitude;
- c) Must not be afflicted with any loathsome, dangerous or contagious disease;
- d) Must not have been institutionalized for any mental disorder or disability; and
- e) Must establish by verifiable and credible evidence one's financial capability and capacity.

A foreign national may reside in the Philippines while the investment subsists. To

prove this, the foreign national should submit an annual report in the form duly prescribed for the purpose. Should said investments be withdrawn from the Philippines, the investor's visa issued to said foreign national shall automatically expire and/or be withdrawn.

The authority to issue visas and work permits shall remain with the Bureau of Immigration (BI) and the Department of Labor and Employment (DOLE), respectively: *Provided*, That the BI and the DOLE shall implement measures to expedite the processing of such visas and permits for workers in the Bulacan Ecozone and coordinate with the BSEZFA for the purpose of improving ease of doing business.

SEC.13. Fiscal Incentives. - Registered enterprises operating within the Bulacan Ecozone 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. The foregoing notwithstanding, the fiscal incentives that would be available to registered enterprises operating within the Bulacan Ecozone shall not be less favorable than any incentives granted to other similar special economic zones and/or freeports in the Philippines including the Subic Bay Special Economic and Freeport Zone created under Republic Act No. 7227.

SEC. 14. Administration, Implementation and Monitoring of Incentives. – In the interest of enhancing transparency in the management and accounting of tax incentives in the Bulacan Ecozone, and ensuring the proper administration, management, enforcement, implementation and monitoring of tax incentives, the BACSEZFA shall comply with the provisions of Republic Act No. 10708, otherwise known as the "Tax Incentives Management and Transparency Act (TIMTA) and its implementing rules and regulations.

The BOC shall set up and establish a customs-controlled area outside the gate of the Bulacan Ecozone to facilitate payment of taxes on goods entering the Philippine customs territory: *Provided*, That notwithstanding the limitations on this Act, the BACSEZFA and BOC may coordinate and jointly implement measures on border protection.

SEC. 15. 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 Zone. In lieu thereof, said business establishments shall pay a five percent (5%) final tax on their gross income earned, to be distributed, as follows:

- a. One percent (1%) to the National Government;
- b. One percent (1%) to the Province of Bulacan;
- c. One percent (1%) to the Municipality of Bulakan; and
- d. Two percent (2%) to the Authority.

SEC. 16. Banking Rules and Regulations. – Banks and financial institutions to be established in the Bulacan Ecozone shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

SEC. 17. Remittances. - In the case of foreign investments, a duly registered entity or enterprise within the Bulacan Ecozone shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653, otherwise known as "The New Central Bank Act" as amended.

CHAPTER IV NATIONAL GOVERNMENT AND OTHER ENTITIES

SEC. 18. Supervision and Control. - For purposes of policy direction and coordination, the BACSEZFA shall be under the direct supervision and control of the Office of the President of the Philippines.

SEC. 19. Development Goals of the Bulacan Ecozone. - The BACSEZFA shall include in its development goals for the Bulacan Ecozone the construction and operation of a domestic and international Airport and allied businesses within the framework of national development plans, policies and goals. The Chairperson-Administrator shall, upon approval by the Board, submit the Bulacan Ecozone plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SEC. 20. Relationship with Local Government Units. – Except as herein provided, the LGUs comprising the Bulacan Ecozone shall retain their basic autonomy

and identity. The Municipality of Bulacan, Province of Bulacan, shall operate and function in accordance with the framework of the Constitution, Local Government Code of 1991, and this Act.

In case of any conflict among the BACSEZFA and the LGUs and the National Government on matters affecting the Bulacan Ecozone, other than national defense and security matters, the decision of the BSEZFA shall prevail.

SEC. 21. *Audit.* - The Commission on Audit shall appoint a full-time auditor in the BACSEZFA or may assign such number of personnel as may be necessary in the performance of their functions.

CHAPTER V MISCELLANEOUS

SEC. 22. *Interpretation/Construction.* - The powers, authorities and functions that are vested in the BACSEZFA are intended to establish national self-sufficiency and self-reliance in the advancement of and protection of the national integrity, enhancement of national security, decentralization of governmental functions and authority, and promote an efficient and effective working relationship among the BACSEZFA, the National Government and the LGUs. Any interpretation of this Act shall consider such intentions. In the event of conflict of interpretation and provided the intentions cannot be harmonized, the provisions of this Act shall be construed in favor of an interpretation that would tend to protect national security.

SEC. 23. *Applicability Clause.* – Insofar as these are consistent with the provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916 otherwise known as “The Special Economic Zone Act of 1995” shall likewise apply to the Bulacan Ecozone.

SEC. 24. *Implementing Rules and Regulations.* – The DTI, DOF and the National Economic Development Authority (NEDA) shall formulate the implementing rules and regulations of this Act within ninety (90) days after its approval.

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

SEC. 26. *Repealing Clause.* - All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended

accordingly.

SEC. 27. Effectivity. - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,

