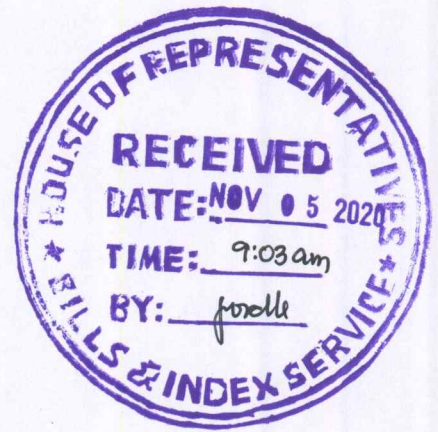


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7958



Introduced by **Representative Diego "Nonoy" C. Ty**

EXPLANATORY NOTE

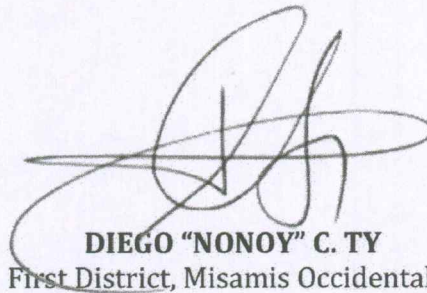
The sound and balanced industrial, economic and social development of our country is pinned on the apt measures that the State undertakes to bring the progress of our country to greater heights and in a fair and proportional manner. Accordingly, the Special Economic Zone Act of 1995 was passed which created special economic zones in key strategic locations throughout the country. To date, there are already over four hundred (400) operating economic zones in the country which generate employment and drive the increase of productivity and family incomes which further advance the quality of life of the people within and around these zones.

Given the benefits that the creation of economic zones and freeport has brought to our country, the need to deliberately establish additional ecozones, especially in areas that have great potential to be developed into agro-industrial, commercial, manufacturing, tourist, banking, investment and financial centers becomes inexorable. Hence, in the light of extending progress and development from the major metropolitan areas to the least developed provinces of our country, this bill seeks to establish a special economic zone and freeport in the Province of Misamis Occidental, particularly in the Municipality of Plaridel in the First District. For many years, this part of the country has remained largely untapped mainly because much of the key priority developments are accorded to bigger and richer localities in the region. This is despite the economic potential of Misamis Occidental on the account of its strategic location that makes it the gateway in the northwestern Mindanao, coupled with rich natural resources and beautiful attractions that are viable for agro-industry and tourism, among others.

Therefore, in order to pave the way for economic development in the Province of Misamis Occidental particularly in the First District, there is a need to establish a special economic zone and freeport that will not only benefit the province but also its neighboring localities. As with other areas with established ecozones, such move will be seen as an all-inclusive response to the constant wish of the people in the District for the proportional distribution of wealth and development priorities in the country. The creation of an ecozone in the District will also allow the retention of local talents and skilled human resources as they will no longer be forced to flock to big cities for

employment and better opportunities which, overall, leads to the decongestion of the top metropolises in the country which further leads to better quality of life for our people.

Given the above premises, the approval of this bill is earnestly sought.



DIEGO "NONOY" C. TY
First District, Misamis Occidental

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. 7958

Introduced by Representative Diego “Nonoy” C. Ty

AN ACT
ESTABLISHING THE SPECIAL ECONOMIC ZONE AND FREEPORT IN THE
MUNICIPALITY OF PLARIDEL, PROVINCE OF MISAMIS OCCIDENTAL, CREATING
FOR THIS PURPOSE THE PLARIDEL SPECIAL ECONOMIC ZONE AND FREEPORT
AUTHORITY AND APPROPRIATING FUNDS THEREFORE

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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “Plaridel 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 Plaridel Special Economic Zone and Freeport.* – In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of Misamis Occidental affected by the zone, there is hereby established a Special Economic Zone and Freeport, hereinafter referred to as the Plaridel Ecozone. The Plaridel Ecozone shall cover a particular area in the Municipality of Plaridel, Province of Misamis Occidental. The specific metes and bounds of the Plaridel 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 Plaridel Special Economic Zone and Freeport Authority.

– There is hereby created a corporate body to be known as the “Plaridel Special Economic Zone and Freeport Authority” hereinafter referred to as PSEZA, which shall manage and operate the Plaridel 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 and eighty (180) days after the effectivity of this Act.

SEC. 5. Governing Principles. – The Plaridel Special Economic Zone and Freeport shall be managed and operated by the Plaridel Special Economic Zone and Freeport Authority hereinafter referred to as the PSEZA, created under Section 4 of this Act, under the following principles:

- a) Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the Plaridel Ecozone shall 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;
- b) The Plaridel Ecozone shall be provided with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of the Plaridel Ecozone and its neighboring towns and cities;
- c) The Plaridel 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 and enterprises;
- d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the Plaridel Ecozone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Plaridel Ecozone;
- e) The Plaridel 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 Plaridel 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 tax laws of the Philippines;
- f) The areas comprising the Plaridel Ecozone may be expanded or reduced when necessary. For this purpose, the Plaridel Ecozone, 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 Plaridel Ecozone for the following purposes: (1) consolidation of lands for zone development; (2)

acquisition of right of way to the Plaridel Ecozone; and (3) the protection of the watershed areas and natural assets valuable to the prosperity of Plaridel Ecozone;

- g) Goods manufactured by a Plaridel 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 PSEZA 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 Plaridel Ecozone and the security of its perimeter fence shall be the responsibility of the national government, in coordination with the PSEZA and the LGUs.

SEC. 6. Capitalization. – The PSEZA shall have an authorized capital stock of Two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00) each, the majority shares of which shall be subscribed and paid for by the National Government and the LGUs embracing the Plaridel Ecozone and Freeport. The Board of Directors of the PSEZA may, with the written concurrence of the Secretary of Finance, sell share, representing not more than forty *per centum* (40%) of the capital stock of the PSEZA to the general public under such policy as the Board and the Secretary of Finance may determine. The National Government and the LGUs shall in no case own less than sixty *per centum* (60%) of the total issued and outstanding capital of the PSEZA.

The amount necessary to subscribe and pay for the shares of the National Government to the capital stock of the PSEZA shall be included in the annual General Appropriations Act. For the LGUs, the funds shall be taken from their internal revenue allotment and other local funds.

SEC. 7. Principal Office of the PSEZA. – The PSEZA shall maintain its principal office in the Municipality of Plaridel, Province of Misamis Occidental, but it may establish branches within the Philippines as may be necessary for the proper conduct of its business.

SEC. 8. Powers and Functions of the PSEZA. – The PSEZA shall have the following powers and functions:

- a) To operate, administer, manage and develop the Plaridel Ecozone according to the principles and provisions set forth in this Act;
- b) To register, regulate and supervise the enterprises in the Plaridel 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 Plaridel Ecozone;

- d) To regulate and undertake the establishment, construction, operations and maintenance of public utilities , other services, and infrastructure in the Plaridel 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 (CAAP), and such other services or concessions or infrastructure necessary or incidentals to the accomplishment of the objectives of this Act;
- e) To construct, acquire, own, lease, operate and maintain 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 Plaridel Ecozone, in coordination with appropriate national and local government authorities and in conformity with applicable laws hereon;
- f) To approve plans, programs and projects of the Plaridel 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 license to others, tourism-related activities, including games, amusements, recreational and sports facilities, subject to the approval and supervision of the Philippine Amusement and Gaming Corporation (PAGCOR);
- 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 Plaridel Ecozone. Notwithstanding the power of the Plaridel Ecozone 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 PSEZA;
- j) To create, operate and/or contract to operate such functional units or offices of the 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 process in Plaridel 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 Plaridel 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 Plaridel Ecozone in the establishment of such one-stop shops;
- n) To provide internal security to the Plaridel Ecozone in coordination with the National Government and affected LGUs. For this purpose, the PSEZA shall provide and establish its own internal security and firefighting forces or hire others to provide the same. Military forces sent by the National Government for the purpose of defense shall not interfere in the internal affairs of the Plaridel 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. 9. Board of Directors of the PSEZA. – The powers of the PSEZA shall be vested in the 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 PSEZA;
- b) Four (4) members consisting of:
 - 1) The Governor or the duly-authorized representative from the Provincial Government of the Province of Misamis Occidental;
 - 2) The Mayor of the Municipality of Plaridel;

- 3) One (1) representative from the investors' group; and
- 4) One (1) representative from among the workers in the ecozone.

The Vice-Chairperson shall be selected from the among the members of the Board.

The representative from the Provincial Government of the Misamis Occidental and the mayor of the municipality covered by the ecozone shall serve as *ex-officio* members of the Board, whose terms in the Board correspond to their terms as elected officials.

The Chairperson-Administrator and members of the Board, except the *ex-officio* members 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 for the unexpired portion of the respective terms.

The Chairperson-Administrator must be a Filipino citizen, of good moral character and proven probity and integrity, and a degree holder of 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, except the *ex-officio* members shall each receive *per diem* at rated 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 amount of *per diem*, the members of the Board shall receive *per diem* of not more than Ten thousand pesos (P10,000.00) for every Board meeting.

SEC. 10. Organization and Personnel. – The Board of Directors of the PSEZA shall provide for its organization and staff. The Board shall appoint and fix the remuneration and emoluments of its officers and employees in accordance with existing laws on compensation and position classification. It shall have exclusive and final authority to promote, transfer, assign, reassign, or remove officers of the PSEZA, any provision of existing law to the contrary notwithstanding. The Chairperson-Administrator shall carry out the decisions of the Board.

The officers and employees of the PSEZA, 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 PSEZA, subject to civil service laws and regulations, shall be removed or suspended except for cause, as provided by law.

SEC. 11. 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 PSEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the PSEZA 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 Plaridel 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 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 Plaridel Ecozone; and
- h) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

SEC. 12. Legal Counsel. – The PSEZA shall have its own internal legal counsel under the supervision of the Government Corporate Counsel. When the exigencies of businesses and operations demand it, the PSEZA 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. 13. 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 his financial capability and capacity through verifiable and credible evidence.

A foreign national may reside in the Philippines while the investment herein required subsists. To prove this, the foreign national should submit an annual report in a form duly prescribed for the purpose. Should said investments be withdrawn from the Philippines, then 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 Plaridel Ecozone and coordinate with the PSEZA for the purpose of improving ease of doing business.

SEC. 14. *Fiscal Incentives.* – Registered enterprises operating within the Plaridel Ecozone shall be entitled to the existing pertinent fiscal incentives as provided for under the Republic Act No. 1916, as amended by Republic Act No. 8748, also known as the Special Economic Zone Act of 1995, or those provided under the Executive Order No. 226, as amended otherwise known as the Omnibus Investment Code of 1987: *Provided*, That in the administration, implementation and monitoring of incentives, the PSEZA may impose its own conditions not otherwise prohibited by this Act.

SEC. 15. *Administration, Implementation and Monitoring of Incentives.* – In the interest of enhancing transparency in the management and accounting of tax incentives in the Plaridel Ecozone and ensuring the proper administration, implementation and monitoring of tax incentives provided under this law, the PSEZA 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 Bureau of Customs (BOC) shall set up and establish a customs-controlled area outside the gate of Plaridel Ecozone to facilitate payment of duties and taxes on goods entering the Philippine customs territory: *Provided*, That notwithstanding the limitations in this Act, the PSEZA and BOC may coordinate and jointly implement measures on border protection.

SEC. 16. *Duration of Incentives.* – Fiscal incentives under this Act shall be terminated after a cumulative period of twenty (20) years from date of registration or start of commercial operation, whichever is applicable, except that it could be extended with regard to industries deemed indispensable to national development and interest. The industries exempted from this provision shall be determined by the PSEZA, in consultation with other government agencies.

SEC. 17. *Sequential Availment of Incentives.* – Registered enterprises may enjoy the income tax holiday (ITH) or the net loss carry over granted by the PSEZA prior to the availment of the five percent (5%) final tax on gross income earned incentive: *Provided*, That in the event a registered enterprise elects to avail of the final tax incentive, such registered enterprise shall be barred from availing the ITH incentive.

Registered enterprises, if eligible, may register with other investment promotion agencies to avail of the incentives they offer: *Provided*, That registered enterprises electing to avail of the incentives of other promotion agencies shall not be able to avail of the incentives of the Plaridel Ecozone until the expiration of the incentives extended by the other investment promotions agencies.

SEC. 18. *Extension of Period of Availment.* – The PSEZA may extend the period of the validity of the incentives extended to a registered enterprise in the event that it suffers, due to *force majeure*, a cessation or suspension of operations that impairs its viability or profitability.

SEC. 19. *Banking Rules and Regulations.* – Banks and financial institutions to be established in the Plaridel Ecozone shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

SEC. 20. *Remittances.* – In the case of foreign investments, a duly registered entity or enterprise within the Plaridel 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”.

CHAPTER IV NATIONAL GOVERNMENT AND OTHER ENTITIES

SEC. 21. *Supervision and Control.* – For purposes of policy direction and coordination, the PSEZA shall be under the direct control and supervision of the Office of the President of the Philippines.

SEC. 22. *Development Goals of the Plaridel Ecozone.* – The PSEZA shall determine the development goals for the Plaridel Ecozone within the framework of national development plans, policies and goals. The Chairperson-Administrator shall, upon approval by the Board, submit the Plaridel Ecozones plans, programs and projects to the Regional Development Council for the inclusion and inputs to the overall regional development plan.

SEC. 23. *Relationship with Local Government Units.* – Except as herein provided, the LGUs comprising the Plaridel Ecozone shall retain their basic autonomy and identity. The Municipality of Plaridel, Province of Misamis Occidental, shall operate and function in accordance with the framework of the Constitution, Republic Act No. 7160, otherwise known as the “Local Government Code of 1991”, and this Act.

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

SEC. 24. *Audit.* – The Commission on Audit (COA) shall appoint a full-time auditor in the PSEZA or may assign such number of personnel as may be necessary in the performance of their functions.

CHAPTER V MISCELLANEOUS

SEC. 25. Interpretation/Construction. – The powers, authorities and functions that are vested in the PSEZA 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 government functions and authority, and promotion of an efficient and effective working among the PSEZA, 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. 26. Applicability Clause. – Insofar as they 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", as amended, shall likewise apply to the Plaridel Ecozone.

SEC. 27. Implementing Rules and Regulations. – The National Economic and Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate the implementing rules and regulations of this Act within ninety (90) days after its approval.

SEC. 28. 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. 29. Repealing Clause. – All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

SEC. 30. Effectivity. – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or a newspaper of general circulation.

Approved,