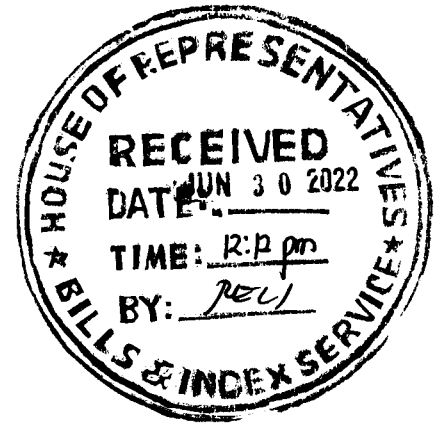


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 33



Introduced by HON. LORD ALLAN JAY Q. VELASCO

EXPLANATORY NOTE

In view of the State policy to accelerate the improvement of economic conditions in rural areas, the establishment of Special Economic Zones (SEZs) have been a vital cog of the government's socio-economic program to alleviate poverty and promote inclusive growth in the country.

One particular province in the MIMAROPA region which has significant potential and is a strategic location for the creation of a new Special Economic Zone is Marinduque.

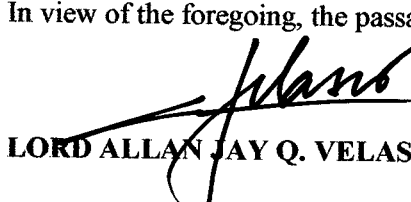
Tourism is a booming industry in the island province of Marinduque. The province boasts of pristine beaches and remarkable coastlines in its several municipalities. Moreover, the province of Marinduque possesses great heritage sites, such as churches, where tourists visit for spiritual worship. Marinduque is also a place to visit for anyone who wants to experience island hopping. In this province, you can visit the beautiful Maniwaya Island in the Municipality of Santa Cruz, which is adjacent to nearby islands, a perfect island-hopping getaway for city dwellers indeed.

Meanwhile, transportation going to the province is easy and very accessible with the availability of Roll-On and Roll-Off boats (RoRos). Via these RoRos, people can cross Luzon and reach the island province. The port, named Buyabod Port, is located at the municipality of Santa Cruz. It is here where ferries, RoRos and fastcrafts coming from Luzon can dock and disembark tourists and cargoes. Buyabod Port has rich potential of becoming an international dock where larger watercrafts, both domestic and foreign, can transport and offload passengers and cargoes.

Aptly called the "Heart of the Philippines," it is here where the geodetic center of the country is located – in "Luzon Datum." The geodetic center is the center basepoint for all mapping references in the country.

In addition, Marinduque will be a strategic location for the establishment of a new Special Economic Zone, due to its *situs* in the MIMAROPA region. Thus, it is surrounded by other provinces like Mindoro and Romblon. These surrounding areas will similarly benefit from enterprises and industries which will be hosted by the Marinduque Ecozone. The increased economic productivity in Marinduque and the whole MIMAROPA region is consistent with the drive to fast-track economic alleviation in the provinces.

In view of the foregoing, the passage of this bill is earnestly sought.


LORD ALLAN JAY Q. VELASCO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
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NINETEENTH CONGRESS
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HOUSE BILL NO. 33

Introduced by HON. LORD ALLAN JAY Q. VELASCO

AN ACT
ESTABLISHING THE MARINDUQUE SPECIAL ECONOMIC ZONE IN THE
MUNICIPALITY OF SANTA CRUZ, PROVINCE OF MARINDUQUE, CREATING
FOR THE PURPOSE THE MARINDUQUE SPECIAL ECONOMIC ZONE
AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER
PURPOSES

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

SECTION 1. Short Title. – This Act shall be known as the “Marinduque Special Economic Zone 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, enhance productivity, and increase individual and family incomes, thereby enhancing the quality of life of the Filipino people.

Sec. 3. Creation of the Marinduque Special Economic Zone. – In pursuit of the foregoing policy, there is hereby established a special economic zone in the Province of Marinduque, which shall be referred hereinafter as the “MAREZ.”

The MAREZ may cover the land territories in the Province of Marinduque comprising an area of approximately 95,925 hectares. The ‘MAREZ main zone’ shall comprise an area of approximately 1,254.68 hectares located in the Municipality of Santa Cruz, Marinduque. Other expansion areas may be established within the Province of Marinduque which may be declared as part of the MAREZ in compliance with Section 4(G) of this Act, including all municipal waters within the MAREZ main zone and of the expansion areas located at the coastline of the Province of Marinduque (the ‘other MAREZ zones’).

The metes and bounds of the MAREZ main zone, and the other MAREZ zones, which shall be fenced and include the establishment of an administrative office for ease of customs administration and border control, shall be determined based on the technical description and coordinates verified and approved by the Land Management Bureau, the National Mapping and Resource Information Authority, and other government agencies as may be provided by pertinent law.

Prospective developers and locators may choose to register with the MAREZA, PEZA, or such other investment promotion agency: *Provided*, that in no case shall a registered enterprise enjoy incentives from two (2) or more investment promotion agencies: *Provided*, further, that in no case shall a MAREZA-registered enterprise be located within an ecozone administered or managed by another investment promotion agency.

Sec. 4. Governing Principles. – The Marinduque Special Economic Zone shall be managed and operated by the Marinduque Special Economic Zone Authority, herein referred to as the “MAREZA,” created under Section 13 of this Act, under the following principles:

- (A) Withing the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the MAREZ shall be developed into and operated as the decentralized, self-reliant and self-sustaining industrial, commercial/trading, research and development, engineering, medical, education, information and communications technology including emerging and future technologies such as artificial technology, blockchain, business process outsourcing, cloud computing, cybersecurity, distributed ledger technology, financial technology solutions, internet of things, and virtual reality, retirement, and healthcare services, agro-industrial, tourism, banking, financial, multinational trading and investment center with provisions for suitable residential areas.
- (B) Notwithstanding the autonomy provided in Section 4(A) of this Act, the MAREZ shall continue to be provided by the National Government and/or local government with transportation, telecommunications, high-speed internet cables and other facilities needed to attract legitimate and productive investments, generate linkage with industries and employment opportunities for the people of the Province of Marinduque and its neighboring provinces and towns in the MIMAROPA region. The MAREZ shall also have priority and preferential access to such National Government and/or local government transportation and telecommunications infrastructure, high-speed internet cables and other facilities, and access to the MAREZ shall be incorporated in the planning, construction and operation of such infrastructure or expansions: *Provided*, that the autonomy and self-reliance of the MAREZA shall not be a hindrance to assistance and/or partnerships with other units and instrumentalities of the government: *Provided*, further, that no assistance or partnership shall be construed as a waiver of the autonomy of the MAREZA;

- (C) The MAREZ 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 MAREZ, either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the territorial jurisdiction of the MAREZ as provided in Section 3 of this Act: *Provided*, that the MAREZA may require a minimum investment in freely convertible currencies from any enterprise seeking registration as a MAREZ enterprise;
- (E) The MAREZ 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; *Provided*, that in accordance with Sections 301 and 817 of Republic Act No. 10863, the Bureau of Customs (BOC) shall continue to exercise border protection and customs control authority over the customs territory adjacent to the MAREZ: *Provided, further*, that the MAREZA shall allow patrol or other law enforcement arrangements by the BOC and other government agencies within the municipal waters covered by the other MAREZ zones subject to coordination with the MAREZA to enhance its protection and control capacity and ensure compliance with customs, fisheries and other laws and regulations;
- (F) The MAREZ shall 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 MAREZ to other parts of the Philippine territory shall be subject to customs duties and taxes under the Tariff and Customs Code of the Philippines, as amended, and the National Internal Revenue Code (NIRC) of 1997, as amended;
- (G) The areas comprising the MAREZ may be expanded or reduced when necessary. For this purpose, the MAREZA, with the concurrence of the appropriate and affected local government units (LGUs) and the agreement of appropriate national government agencies, government-owned and -controlled corporations and instrumentalities, and the approval of the MAREZA Board in accordance and in compliance with existing laws and local ordinances, shall have the power to acquire, procure and/or expand either by purchase, negotiation, condemnation proceedings, or any other arrangement, any private or alienable and disposable public lands and/or their respective water territories within the territorial jurisdiction of the Province of Marinduque, if any, for the following purposes: (1) consolidation of lands for MAREZ development and establishment of new industrial estates and economic zones under the MAREZ; (2) acquisition of right-of-way to the MAREZ; and (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 MAREZ, the LGU, and the National Government, 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: *Provided*, that any expansion shall be aligned with the comprehensive land use plan of the affected LGUs: *Provided, further*, that the MAREZA and the relevant LGUs and national government agencies shall provide for immediate and responsive mechanisms, best management practices and suitable environmental protection programs for land and coastal management to address any abuse and/or exploitation of the natural environment within the territorial jurisdiction of the MAREZ as provided in Section 3 of this Act;

- (H) Goods manufactured by MAREZ enterprises 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 MAREZA, together with PEZA, the *Bangko Sentral ng Pilipinas (BSP)*, the Department of Finance (DOF), the BOC and DTI in accordance with the NIRC of 1997, as amended, and the Tariff and Customs Code of the Philippines, as amended: *Provided*, that the value of the goods at the time of the importation shall be the basis in determining the appropriate duties and taxes: *Provided, further*, that in cooperation with the MAREZA, the foregoing agencies shall provide and implement measures to support the improvement of ease and cost of doing business within the MAREZ and the enhancement of the investment promotion capacity of the MAREZA. In order to protect domestic industries, a negative list of industries shall be drawn up and regularly updated by the MAREZA. Enterprises engaged in industries included in such negative list shall not be allowed to sell their products locally, notwithstanding the registration of such enterprises in the MAREZ; and
- (I) The defense of the MAREZ and the security of its perimeter fence shall be the responsibility of the National Government in coordination with the MAREZA and the LGUs. The MAREZA shall provide its own internal security and firefighting forces.

Sec. 5. Fiscal Incentives. – The registered enterprises operating within the MAREZ 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.”

Sec. 6. Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned. – No taxes, local and national, shall be imposed on registered business establishments operating within the MAREZ. In lieu thereof, and subject to Section 10 of this Act, 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 Marinduque;
- (c) One per centum (1%) to the host municipality; and
- (d) Two per centum (2%) to the MAREZA.

Sec. 7. Incentives to Investors. – Any foreign national who invests an amount of Seventy-five thousand US dollars (US\$75,000.00), 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 of a crime involving moral turpitude;
- (C) He is not afflicted with any loathsome, dangerous or contagious disease; and
- (D) He has not been institutionalized for any mental disorder or disability.

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.

Sec. 8. Administration, Implementation and Monitoring of Incentives. – For the proper administration, implementation and monitoring of tax incentives provided under this law, the following are herein mandated:

- (a) The MAREZA shall be responsible for the administration and implementation of the incentives granted to its respective registered enterprises. Among others, it shall adopt and implement systems and procedures affecting trade and customs policies. The BOC shall set up and establish a customs controlled area outside the gate of the MAREZ to facilitate payment of taxes on goods entering the Philippine customs territory; and
- (b) The MAREZA shall likewise submit to DOF its annual tax expenditures based on the tax incentives granted to its registered enterprises. The DOF, for its part, shall create a single database of all incentives provided by the governing authority. The DOF shall monitor the incentives granted and submit all annual reports to the President.

Sec. 9. Extension of Period of Availment. – The availment period of the incentives provided herein may be extended by MAREZA, in the event that the registered enterprise has suffered operational *force majeure* that has impaired its viability or any event equivalent thereto.

Sec. 10. Duration of Incentives. – Enterprises registered with MAREZA may enjoy the income tax holiday (ITH) or the net operating loss carryover (NOLCO) granted by the Authority prior to the availment of the five percent (5%) gross income earned (GIE). 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. The industries exempted from this provision shall be determined by the MAREZA.

Sec. 11. Online Gaming Centers within the MAREZ. – The MAREZ will be open for hosting online gaming centers and establishments, with the end in view of facilitating the rapid economic development of the province and its neighboring areas. In coordination with concerned LGUs, the Department of Information and Communications Technology (DICT) and other relevant government agencies, the establishment of high-speed internet cables, the adequate number of cell sites and other facilities and infrastructures necessary to support the satisfactory performance of these online gaming centers will be introduced within the MAREZ.

Prospective online gaming centers must first register with and be granted accreditation by the MAREZA before they are given the license to operate within the MAREZ. Qualified and MAREZA-registered online gaming centers will enjoy the same incentives and benefits as provided to qualified and MAREZA-registered enterprises.

Sec. 12. Technology Hub for Start-Ups within the MAREZ. – To support job creation, technological buildup and startup development, the MAREZ will be home to enterprising technological start-ups which shall be catered and nurtured inside the MAREZ technology hub. In coordination with PEZA, DTI and other concerned agencies, the MAREZ will be a distinct ecozone that is at the forefront of accepting and housing start-up technological businesses. These businesses will be nurtured until they are well-developed into productive and commercial enterprises.

Prospective technological start-ups must first register with and be granted accreditation by the MAREZA before they are given the license to operate within the MAREZ. Qualified and MAREZA-registered technological start-ups will enjoy the same incentives and benefits as provided above to qualified and MAREZA-registered enterprises.

Along with these benefits and incentives, these technological start-ups will gain access to the One-Stop Shop envisioned under Section 36 of Republic Act No. 7916. This access to the One-Stop Shop will promote ease of doing business inside the MAREZ.

Pursuant to this mandate, a One-Stop Shop for Business Structuring and Registration (“One-Stop Shop”) will be established within the MAREZ to assist and fast-track the registration and framework finalization of prospective technological start-ups and other enterprises. Thus, the One-Stop Shop will also serve all prospective online gaming centers

which seek to operate inside the MAREZ. To ensure effective formation of this One-Stop Shop, all appropriate government agencies that are involved in registering, licensing or issuing permits to investors shall assign their representatives to the MAREZ to attend to investors' requirements. The MAREZA will supervise and assure that the One-Stop Shop consistently and effectively fulfills its mandate.

Sec. 13. Creation of the Marinduque Special Economic Zone Authority. – There is hereby created a body corporate to known as the Marinduque Special Economic Zone Authority, herein referred to as the “MAREZA,” which shall manage and operate the MAREZ, in accordance with the provisions of this Act.

Sec. 14. Principal Office of the MAREZA. – The MAREZA shall maintain its principal office in the Municipality of Santa Cruz, Province of Marinduque, but it may establish liaison offices within the Philippines as may be necessary for the proper conduct of its businesses.

Sec. 15. Powers and Functions of the MAREZA. – The MAREZA 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 MAREZ according to the principles and provisions set forth in this Act and to coordinate with the LGUs for the development plans, activities and operations of the MAREZ;
- (d) To recommend to the President the issuance of a proclamation to fix and delimit the site of the MAREZ;
- (e) To register, regulate and supervise the enterprises in the MAREZ in an 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 MAREZ;
- (g) 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 MAREZ 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 Aviation Authority of the Philippines (CAAP) and such other services or

concessions or infrastructures necessary or incidental to the accomplishment of the objectives of this Act: *Provided, however,* that the private investors in the MAREZ shall be given priority in the awarding of contracts, franchises, licenses, or permits for the establishment, operation and maintenance of utilities, services and infrastructures in the MAREZ;

- (h) To license, set fees, regulate and undertake the establishment, operation and maintenance of utilities, other services, educational and medical institutions and infrastructures in the MAREZ such as, but not limited to heat, light and power, water supply, telecommunications, mobile, internet and other data facilities, transport, toll roads and bridges, port services, etc., and to fix just, reasonable and competitive rates, fares, charges and prices thereof;
- (i) To construct, acquire, own, lease, operate and maintain on its own or through contracts, franchises, licenses, bulk purchase from the private sector and build-operate-transfer scheme, or under a joint venture with the private sector, any or all of the public utilities and infrastructures required or needed for the operation and development of the MAREZ, including transportation, access and connection to, and out of the MAREZ, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon. For this purpose, the MAREZA shall exercise the power of eminent domain over private lands granted in paragraph (b) of this Section insofar as it may be reasonably necessary, without prejudice to the execution of agreements with public agencies, and subject to the limitations prescribed therein and the observance of the prerequisites of taking of possession and the determination and payment of just compensation in accordance with Republic Act No. 1075, otherwise known as "The Right-of-Way Act;"
- (j) To operate on its own, either directly or through a license to other tourism-related activities, including games, amusements, recreational and sports facilities, subject to the approval and supervision of the Philippine Amusement and Gaming Corporation (PAGCOR);
- (k) To raise or borrow, within the limitation provided by law, and subject to the approval or opinion of the Monetary Board of the BSP, in accordance with law, adequate and necessary funds from local or foreign sources, to finance its projects and programs under this Act, and for that 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;
- (l) To exclusively enforce and administer the provisions of the National Building Code of the Philippines and the Fire Code of the Philippines, as amended, within the territorial jurisdiction of the MAREZ: *Provided,* that the MAREZA shall be fully responsible and accountable for the enforcement and administration of the National Building Code of the Philippines and the Fire Code of the Philippines, as amended, within the MAREZ.

The MAREZA Administrator, or his official representative, shall function as the MAREZA building official, shall function as the MAREZA building official, who shall issue all building permits and other related permits subject to the collection by MAREZA of the corresponding permit fees: *Provided*, that the MAREZA building official shall also be authorized to require owners of houses, buildings, or other structures constructed without the necessary MAREZA permit/s, or those that are condemned and/or abated by the MAREZA in accordance with the conditions set forth in the National Building Code or Civil Code, as the case may be, whether constructed on public or private lands, to remove or demolish such houses, buildings, or structures within fifteen (15) days from receipt of notice. Upon failure of such owner to remove or demolish such house, building, or structure within such period, the MAREZA may summarily cause its removal or demolition at the expense of the owner and the occupants;

The MAREZA may evict any person who refuses to vacate such premises in accordance with Republic Act No. 7279, otherwise known as the “Urban Development and Housing Act of 1992,” and other existing laws. A temporary or permanent relocation site shall be made available for qualified individuals or families;

- (m) To provide security for the MAREZ in coordination with the national and local governments. For this purpose, the MAREZA may establish and maintain its security forces and firefighting capability or hire others to provide the same. In the event that an assistance of the military force is necessary, it shall not interfere in the internal affairs of the MAREZ except to provide the necessary security and defense, and their expenses shall be borne by the National Government. To ensure the maintenance of law and order within the boundaries of MAREZ, including the conduct of police investigations, arrests, search and seizure for violation of penal laws inside the MAREZ, the Philippine National Police (PNP) shall establish a police substation, if necessary, under the supervision of the PNP Provincial Director, to be manned by such number of personnel as will allow them to effectively and efficiently pursue its mandate.

The MAREZA shall also be authorized to install control gates at strategic points of the national roads within the MAREZ, through which access into and departure from the MAREZ shall be fully controlled by the MAREZ;

- (n) To protect, preserve, maintain and develop the forests, beaches, coral and coral reefs, and maintain ecological balance within the MAREZ. For this 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 MAREZA: *Provided*, that the issuance, enforcement and monitoring of environmental compliance certificates (ECCs), tree cutting permits, foreshore leases and all other related permits and clearances issued by the DENR

and other government agencies shall be under the exclusive control and jurisdiction of the MAREZA;

- (o) To create, operate and/or contract to operate such functional units or offices of the MAREZA as it may deem necessary;
- (p) To issue certificates of origin for products manufactured or processed in the MAREZ;
- (q) To recommend the issuance of working visas renewable every three (3) years to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses, subject to the issuance of the certification and alien employment permit by the Department of Labor and Employment (DOLE);
- (r) Subject to Republic Act No. 7653, otherwise known as the "New Central Bank Act," other issuances of the BSP, Republic Act No. 8799, otherwise known as the "Securities Regulations Code," existing applicable laws, and such other laws as may be required that are consistent with the objectives of the MAREZA, to act as an offshore financial center that engage in, or allow, any or all international financial and business services, including banking, offshore fund management, collective investment schemes, and cryptocurrency mining, and provide the necessary and 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," and/or those provided under Executive Order No. 226, as amended, otherwise known as "The Omnibus Investments Code of 1987." Banks and financial institutions engaged in quasi-banking functions to be established in the MAREZ shall be under the supervision of the BSP, and shall be subject to existing banking laws, rules and regulations. Other financial institutions not engaged in quasi-banking functions, and those engaged in collective investment schemes and cryptocurrency mining with the MAREZ shall be under the supervision of the Securities and Exchange Commission;
- (s) To issue special regulations for the benefit of particular industries designed to improve ease of doing business, decrease cost of doing business, and lower bureaucratic burdens of investing and doing business within the MAREZ: *Provided*, that such special regulations shall not be contrary to existing laws;
- (t) To endorse Special Resident Retiree's Visa (SRRVs) for retirees that intend to reside in the MAREZ, in collaboration with the Philippine Retirement Authority (PRA): *Provided*, that the PRA and the MAREZA shall issue joint regulations on the processing of SRRVs in accordance with existing laws;
- (u) To establish, operate and maintain utilities, facilities, infrastructure, services, businesses, activities, and concessions in the MAREZ, pertaining to shipping and maritime businesses and activities including stevedoring and port terminal services or concessions: *Provided*, that the Maritime Industry Authority (MARINA) shall continue to exercise its power to regulate and supervise the shipbuilding and ship repair of any merchant marine vessel operated or to be

operated in the domestic trade and the domestic shipping industry within the MAREZ;

- (v) To establish and supervise one-stop shops for the issuance of all necessary permits, clearances, licenses, and other similar certifications to conduct activities, to improve ease of doing business within the MAREZ, in coordination with government agencies having jurisdiction over activities in the MAREZ not otherwise solely reserved to the MAREZA in this Act: *Provided*, that all government agencies are directed to provide and extend utmost and full cooperation to the MAREZA in the establishment of such one-stop shops;
- (w) 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;
- (x) To exercise such powers as may be essential, necessary or incidental to the power 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
- (y) To be vested with other powers enjoyed or exercised by other freeport zone authorities.

Sec. 16. Board of Directors of the MAREZA. – The powers of the MAREZA 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 and Vice Chairman, both of whom shall be elected from among the members of the Board;
- (b) The Administrator, who shall in no case be at the same time, the Chairman or Vice Chairman;
- (c) Members consisting of:
 - 1. Two (2) representatives from the National Government;
 - 2. One (1) representative from the Province of Marinduque;
 - 3. One (1) representative from the district covering the site of the MAREZ;
 - 4. One (1) representative from the Municipality of Santa Cruz, Province of Marinduque;
 - 5. One (1) representative from the MAREZA-registered domestic investors;
 - 6. One (1) representative from the MAREZA-registered foreign investors; and
 - 7. One (1) representative from the workers employed in the MAREZ: *Provided*, that all members of the Board shall be Filipino citizens.

The Administrator 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.

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, or 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 from 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.

Sec. 17. Powers and Duties of the Administrator. – The Administrator shall have the following powers and duties:

- (a) To direct and manage the affairs of the MAREZA in accordance with the policies of the Board;
- (b) To establish the internal organization of the MAREZA 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 the close of each fiscal year an annual report to the Board and such other reports as may required;
- (e) To submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the MAREZA;
- (f) 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 MAREZ; and
- (g) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

Sec. 18. Organization and Personnel. – The MAREZA Board of Directors shall provide for an organizational structure and appoint employees, subject to the Civil Service Law. Upon the recommendation of the Administrator, 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: *Provided*, that the salary and other compensation of the Administrator shall be comparable with the President and the Chief

Executive Officer of Clark Development Corporation: *Provided, further*, that the Board shall exercise administrative supervision over their employees.

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

Sec. 19. Labor Center, Health and Housing Facilities. – (a) A labor center shall be established within the MAREZ. This center shall be responsible for studying and amicably settling professional and labor relations and disputes, interpretation of employment contracts, and monitoring work, hygiene and safety standards within the MAREZ. The labor center shall comprise a labor office, an industrial health and safety office, and an inspection and disputes office.

Except as otherwise provided in this Act, labor and management relations in the MAREZ shall be governed by applicable rules and regulations under the Labor Code of the Philippines, as amended. Employees and personnel in the registered enterprises shall receive salaries and benefits, and shall enjoy working conditions provided under the Labor Code and other relevant laws and issuances of the Philippine Government and the DOLE. The MAREZA shall allow the visitorial power of the Secretary of the DOLE or his duly authorized representative, and/or may assign its personnel to join the DOLE Regional Office IV-B in the conduct of labor inspection.

(b) The Department of Health shall establish, fund, operate and maintain a tertiary hospital in the MAREZ.

(c) The National Housing Authority, pursuant to its mandate, shall undertake vertical and horizontal housing development for the marginalized and informal settlers and low income earners within the MAREZ, and shall source the necessary funds thereof through National Government subsidy.

Sec. 20. Banking Rules and Regulations. – Existing banking laws and rules/regulations of the BSP shall apply to banks and financial institutions to be established in the MAREZ.

Sec. 21. Remittances. – In the case of foreign investments, a registered enterprise in the MAREZ shall have the right to remit earnings from the investment in favor of the investor and/or intended beneficiary, subject to the provisions of Republic Act No. 7653, otherwise known as the “New Central Bank Act,” the manual of regulations on foreign exchange transactions, as well as other relevant rules and regulations.

Sec. 22. Applicability Clause. – The provisions of Sections 30-41 of Republic Act No. 7916, otherwise known as “The Special Economic Zone Act of 1995,” as amended, shall likewise apply to the MAREZ.

Sec.23. Capitalization. – The capital stock to be contributed by the government, shall be: (a) Two billion five hundred million pesos (Php 2,500,000,000.00), with option to increase capitalization upon the discretion of the MAREZA; (b) All lands embraced and covered by the MAREZ, as well as permanent improvements and fixtures upon proper inventor not otherwise alienated, conveyed, or transferred to another government agency; and (c) All other assets which the President may transfer to the MAREZA as part of the equity contribution of the government.

Sec. 24. Supervision and Control. – For purposes of policy direction and coordination, the MAREZA shall be under the direct control and supervision of the Office of the President of the Philippines.

Sec. 25. Regional Development Council. – The MAREZA shall determine the development goals for the MAREZ within the framework of national development plans, policies and goals. The Administrator shall, upon approval by the Board, submit the MAREZ plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

Sec. 26. Relationship with Local government Units. – Except as herein provided, the Municipality of Santa Cruz in the Province of Marinduque shall operate and function in accordance with the Local Government Code of 1991. In case of any conflict between the MAREZA and the local government units (LGUs) and the National Government (NG) on matters affecting the MAREZ, other than defense and security matters, the decision of the MAREZA shall prevail.

Sec. 27. Legal Counsel. – The MAREZA shall have its own internal legal counsel under the supervision of the Government Corporate Counsel. When the exigencies of its businesses and operations demand, the MAREZA may engage the services of an outside counsel either on a case-to-case or on a fixed retainer basis.

Sec. 28. Interpretation/Construction. – The powers, authorities and functions that are vested in the MAREZA are intended to establish decentralization of governmental functions and authority and promote an efficient and effective working relationship between the MAREZA, the National Government and the LGU.

Sec. 29. Audit. – The Commission on Audit shall appoint a full-time auditor in the MAREZA or may assign such number of personnel as may be necessary in the performance of their functions.

Sec. 30. Implementing Rules and Regulations. – The DTI, the DOF, the LGU, and the Department of the Interior and Local Government shall formulate the implementing rules

and regulations of this Act within ninety (90) days after its approval. Such rules and regulations shall take effect fifteen (15) days after their publication in a newspaper of general circulation in the Philippines.

Sec. 31. 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. 32. Repealing Clause. – All laws, presidential decrees, executive orders, rules and regulations, and other issuances, or any part thereof which are inconsistent herewith are hereby repealed, amended or modified accordingly.

Sec. 33. Effectivity Clause. – This Act shall take effect fifteen (15) days following its complete publication in the *Official Gazette* or in two (2) newspapers of general circulation.

Approved,