

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**

**NINETEENTH CONGRESS
FIRST REGULAR SESSION**

House Bill No. 232



INTRODUCED BY Rep. GREG G. GASATAYA

EXPLANATORY NOTE

One of the functions of the Philippine legislative body is to provide for the indispensable role of the private sector and aid in improving local competitiveness through the promotion of the use of local labor, materials, and goods. Thus, legislation has been made to translate such functions into reality such as the Special Economic Zone Act of 1995 which provides for the legal framework and mechanisms for the creation, operation, and administration, and coordination of Special Economic Zones in the Philippines. The establishment of special economic zones aims to empower strategic locations such as those with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist/recreational, commercial, banking, investment and financial centers to encourage, promote, and hasten a stable industrial, economic and social development of the country.

Bacolod City is a Highly Urbanized City that is the 3rd fastest growing economy in the Philippines with regard to Information Technology and Business Process Outsourcing accomplishments. It is the second most populous city in the Visayas next to Cebu City and the most populous city in the Negros Island Region with a population of 561,875 (as of 2015 census) and a total land area of 16,267 hectares including a 124-hectare reclaimed area. Aside from being the capital city of one of the largest producers of sugar in the country, Bacolod City, as a highly urbanized city, is also part of the Bacolod Metropolitan Area which is the 8th most populous and 6th in terms of density out of the 12 metropolitan areas in the country.

The city was declared a "center for excellence" by the Department of Science and Technology for Information Technology-business process management operations – putting it at par with Metro Manila, Metro Cebu, and Metro Clark. The Asian Institute of Management's Philippine Cities Competitiveness Ranking Project 2005 also recognized Bacolod as one of the top five most competitive mid-size cities and as on top of the list in terms of infrastructure and quality of life. With the vast economic growth it has accumulated over the years and brilliantly executed urban development plans that resulted in strategically placed access points such as the Bacolod-Silay International Airport, Banago Wharf, and BREDCO Port and congestion-free routes such as the Lacson Street to the north and Araneta Street to the south, Bacolod City at present has the

amenities to accommodate both local and foreign investments and further economic growth with little to no congestion issues in comparison to other metropolitan areas.

Section 6 of Republic Act No. 7916, otherwise known as the Special Economic Zone Act of 1995 as amended, clearly qualifies Bacolod City to be a viable location for the establishment of an economic zone. The establishment of an economic zone in Bacolod City for the betterment and dispersal of its economic growth not only collaterally benefits its neighboring Local Government Units as such provides jobs, increases productivity, increases family income, and therefore also improves the living conditions of its constituency and its peripheries, but also complements our current export policies, consequently enhancing the state of our foreign exchange.

As such, the approval of this Bill is earnestly sought.



REP. GREG G. GASATAYA
Lone District of Bacolod City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

NINETEENTH CONGRESS
FIRST REGULAR SESSION

House Bill No. 292

INTRODUCED BY Rep. GREG G. GASATAYA

AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF BACOLOD,
PROVINCE OF NEGROS OCCIDENTAL, CREATING FOR THE PURPOSE THE
BACOLOD SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING
FUNDS THEREFOR

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 "Bacolod 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.

CHAPTER II
CREATION OF THE ECONOMIC ZONE

Sec. 3. *Creation of the Bacolod Special Economic Zone.* - In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government unit (LGU) of the City of Bacolod, there is hereby established a special economic zone, hereinafter referred to as the Bacolod Special Economic Zone or Bacolod Ecozone. The Bacolod Ecozone shall cover a particular area located in the City of Bacolod, Province of Negros Occidental, the specific metes and bounds of which shall be more particularly defined in a presidential proclamation that shall be issued for this purpose: Provided, That the lands embraced therein shall be contiguous to one another.

Sec. 4. *Creation of the Bacolod Special Economic Zone Authority.* - There is hereby created a body corporate to be known as the Bacolod Special Economic Zone Authority, hereinafter referred to as the BSEZA which shall manage and operate the Bacolod Ecozone, in accordance with the provisions of this Act. The corporate life of the BSEZA 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 BSEZA shall manage and operate the Bacolod Ecozone, under the following principles:

a) Within the framework and limitations of the Constitution and applicable provisions of Republic Act No. 7160, or the Local Government Code, as amended, the Bacolod 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 Bacolod 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 Bacolod City and those in neighboring towns and cities;

c) The Bacolod 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, the Philippine Economic Zone Authority (PEZA), and 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 Bacolod Ecozone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Bacolod Ecozone;

e) The Bacolod 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 subject to Title XIII of the National Internal Revenue Code, as amended. However, exportation or removal of goods from the territory of the Bacolod Ecozone to the other parts of the Philippine territory shall be subject to customs duties and taxes under Republic Act No. 10863, otherwise known as the "Customs Modernization and Tariff Act" and other relevant tax laws of the Philippines;

f) The areas comprising the Bacolod Ecozone may be expanded or reduced when necessary through a presidential proclamation issued for the said purpose. For this purpose, the BSEZA, in consultation with the LGU, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Bacolod Ecozone for the following purposes: (1) consolidation of lands for zone development; (2) acquisition of right of way to the Bacolod Ecozone; and (3) the protection of watershed areas and natural assets valuable to the prosperity of the Bacolod Ecozone;

g) Goods manufactured by a Bacolod 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 BSEZA together with the PEZA, the Bureau of Customs, the Bureau of Internal Revenue, and the DTL. However, in order to protect domestic industries, a Negative List of industries shall be drawn up and regularly updated by the PEZA. Enterprises engaged in industries included in such Negative List shall not be allowed to sell their products locally;

h) The defense of the Bacolod Ecozone and the security of its perimeter fence shall be the responsibility of the national government in coordination with the BSEZA and the concerned LGUs.

Sec. 6. Development Goals of the Bacolod Ecozone. - The BSEZA shall determine the development goals of the Bacolod Ecozone within the framework of national development plans, policies, and goals. The Chairperson-Administrator shall, upon approval by the Board of BSEZA, submit Bacolod Ecozone plans, programs, and projects to the Regional Development Council for inclusion in the regional development plan.

Sec. 7. Capitalization. - The BSEZA shall have an authorized capital stock of two billion (2,000,000,000.00) no par shares with a minimum issue of Ten pesos (Php 10.00) each, the majority shares of which shall be subscribed and paid for by the national government and the LGU embracing the Bacolod Ecozone. The Board of Directors of the BSEZA may, with the written concurrence of the Secretary of Finance, sell shares representing not more than forty per centum (40%) of the capital stock of the BSEZA to the general public under such policy as the Board and the Secretary of Finance may determine. The national government and the LGU shall in no case own less than sixty per centum (60%) of the total issued and outstanding capital of the BSEZA.

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

Sec. 8. Principal Office of the BSEZA. - The BSEZA shall maintain its principal office in the City of Bacolod, Province of Negros Occidental, but it may establish liaison offices within the Philippines as may be necessary for the proper conduct of its business.

Sec. 9. Powers and Functions of the BSEZA. - The BSEZA shall have the following powers and functions:

a) To operate, administer, manage, and develop the Bacolod Ecozone according to the principles and provisions set forth in this Act;

b) To register, regulate, and supervise the enterprises in the Bacolod Ecozone in an efficient and decentralized manner, subject to existing laws;

- c) To coordinate with the LGU and exercise general supervision over the development plans, activities, and operations of the Bacolod Ecozone;
- d) To regulate and undertake the establishment construction, operation, and maintenance of public utilities, other services, and infrastructure in the Bacolod 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 Bacolod 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 Bacolod Ecozone to be submitted to the Regional Development Council for inclusion in the regional development plan;
- g) To raise or borrow, within the limitation provided by law, and subject to the approval 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;
- h) To protect, preserve, maintain, and develop the forests, beaches, corals and coral reefs, and maintain ecological balance within the Bacolod Ecozone. Notwithstanding the power of the BSEZA to create rules for such purpose, the rules and regulations of the Department of Environment and Natural Resources and other government agencies involved in the above functions shall be implemented by the BSEZA;
- i) To create, operate or contract to operate such functional units or offices of the BSEZA as it may deem necessary;
- j) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or otherwise dispose of personal or real property of whatever nature; sue and be sued; and otherwise carry out its functions and duties as provided for in this Act;
- k) To issue certificates of origin for products manufactured or processed in the Bacolod Ecozone in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI, and the Department of Finance (DOF);

l) 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 Bacolod 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 BSEZA in the establishment of such one-stop shops;

m) To ensure that the area covered by the Bacolod Ecozone is secure at all times: Provided, That the Armed Forces of the Philippines (AFP) or the Philippine National Police (PNP) shall not interfere in the internal affairs of the BSEZA except to provide the necessary security and defense, or law enforcement assistance, as the case may be: Provided, finally, That expenses of the AFP or the PNP in the Bacolod Ecozone shall be borne by the national government;

n) To exercise such powers as may be essential, necessary or incidental to the powers granted to it by this Act, as well as those that shall enable it to carry out, implement and accomplish the purposes, objectives and policies set forth in this Act; and

o) 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. 10. Board of Directors of the BSEZA. - The powers of the BSEZA 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) A Chairperson, who shall at the same time be the administrator of the BSEZA;

b) A Vice-Chairperson who shall be elected from among the members of the Board of Directors;

c) Members consisting of:

1) The Mayor of the City of Bacolod or a duly-authorized representative from the City Government of Bacolod;

2) One (1) representative from the investors' group; and

3) One (1) representative from among the workers in the Bacolod Ecozone.

The Mayor of the City of Bacolod or the Mayor's duly-authorized representative shall serve as an ex officio member of the Board, whose terms in the Board shall correspond to their terms as elected officials.

The Chairperson-Administrator and the members of the Board, except for the representatives of the investors and workers groups and the ex officio member, 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. No person shall be appointed as a member of the Board unless the person 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, except the ex officio members, shall each receive per diem allowance at rates to be determined by the Department of Budget and Management in accordance with existing rules and regulations: Provided, however, That the total per diem allowance collected each month shall not exceed the equivalent of four (4) meetings unless and until the President of the Philippines has fixed a higher rate for the per diem allowance for the members of the Board, such allowance shall not be more than Ten thousand pesos (Php10,000.00) for every Board meeting.

Sec. 11. *Organization and Personnel.* - The Board of Directors of the BSEZA 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 BSEZA, 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 BSEZA, 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 BSEZA, shall be removed or suspended except for cause, as provided by civil service rules and regulations.

Sec. 12. *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 BSEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the BSEZA 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 Bacolod 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 Bacolod 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. 13. *Legal Counsel.* - The BSEZA shall have its own internal legal counsel who shall be under the supervision of the Government Corporate Counsel. When the exigencies of business and operations demand it, the BSEZA 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 AND INVESTORS

Sec. 14. *Investor's Visa.* - Any foreign national who invests an amount of Two hundred thousand US dollars (US\$200,000.00) in a registered enterprise, either in cash or equipment, 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 dangerous or contagious disease;
- d) Must not have been confined in an institution for any mental disorder or disability: and
- e) Must be financially capable as borne out by credible and verifiable evidence.

With an investor's visa, an alien shall be entitled to reside in the Philippines while the investment subsists. The alien investor shall submit an annual report in the form duly prescribed for the purpose to prove that the investment in the country subsists. Should said alien investor withdraw the investments from the Philippines, then the investor's visa issued to said alien shall automatically expire and 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 Bacolod Ecozone and coordinate closely with the BSEZA to facilitate the conduct of business operations.

Sec. 15. *Fiscal Incentives.* - Registered enterprises of the Bacolod Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the National Internal Revenue Code, as amended.

Sec. 16. *Banking Rules and Regulations Governing Banks and Other Financial institutions.* - Banks and other BSP-supervised financial institutions to be established in the Bacolod 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 Bacolod Ecozone shall have the right to remit earnings to its investors 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 BSEZA shall be under the direct control and supervision of the Office of the President of the Philippines.

Sec. 19. *Relationship with Local Government Units.* - Except as herein provided, the LGUs comprising the Bacolod Ecozone shall retain their basic autonomy and identity. The City of Bacolod, Province of Negros Occidental, shall operate and function in accordance with the framework of the Constitution, the Local Government Code of 1991, as amended, and this Act.

In case of any conflict among the BSEZA, the LGU and the national government on matters affecting the Bacolod Ecozone, other than national defense and security matters, the decision of the BSEZA shall prevail.

Sec. 20. *Audit.* - The Commission on Audit shall appoint a full-time auditor for the BSEZA and may assign such number of personnel as may be necessary to assist the auditor in the performance of the auditor's functions.

CHAPTER V MISCELLANEOUS

Sec. 21. *Interpretation and Construction.* - The powers, authorities and functions that are vested in the BSEZA 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 promotion of an efficient and effective working relationship among the BSEZA, the national government and the LGU. 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 shall protect national security.

Sec. 22. *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 Bacolod Ecozone.

Sec. 23. *Implementing Rules and Regulations.* - Within sixty (60) days from effectivity of this Act, the DTI shall, in coordination with the DOF and the National Economic and Development Authority, formulate rules and regulations for the effective implementation of the provisions of this Act.

Sec. 24. *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. 25. *Repealing Clause.* - All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

Sec. 26. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,