



Republic of the Philippines

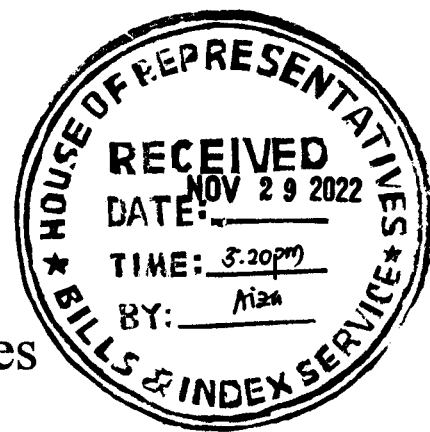
House of Representatives

Batasan Hills, Quezon City

Nineteenth Congress

First Regular Session

HOUSE BILL NO. 6462



Introduced by Representative **Richard I. Gomez**, Representative **Florencio Gabriel "Bem" G. Noel**, and Representative **Josephine Veronique "Jaye" Lacson-Noel**

EXPLANATORY NOTE

This bill seeks to establish a special economic zone and free port in Ormoc City, Province of Leyte to be known as the **Eastern Visayas Special Economic Zone and Free Port**.

Ormoc City is a first-class independent component city in the Province of Leyte. It is the largest city in the land area in Leyte and second largest in Eastern Visayas next to Calbayog City in Samar. Ormoc City is part of the Fourth Legislative District of Leyte, which is comprised of the agro-industrial municipalities of Albuera, Kananga, Merida, Isabel, Matag-ob and Palompon. It is also the regional commercial hub most proximate to Northwest Leyte's agro-aqua municipalities of Villaba, Tabango, San Isidro, Calubian, and Leyte that comprise the Third Legislative District of Leyte. Its status as a transportation hub with an airport, flourishing seaport, and established land transportation connections, as well as its accessibility to forest, agricultural, marine, and natural resources, make it a strategic location for enhancing market access and boosting economic growth in Leyte.

Section 1, Article XII of the 1987 Philippine Constitution provides that:

The goals of the national economy are a more equitable distribution of opportunities, income, and wealth; a sustained increase in the amount of goods and services produced by the nation for the benefit of the people; and an expanding productivity as the key to raising the quality of life for all, especially the under-privileged.

The State shall promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets. However, the State shall protect Filipino enterprises against unfair foreign competition and trade practices.

In the pursuit of these goals, all sectors of the economy and all regions of the country shall be given optimum opportunity to develop. Private enterprises, including

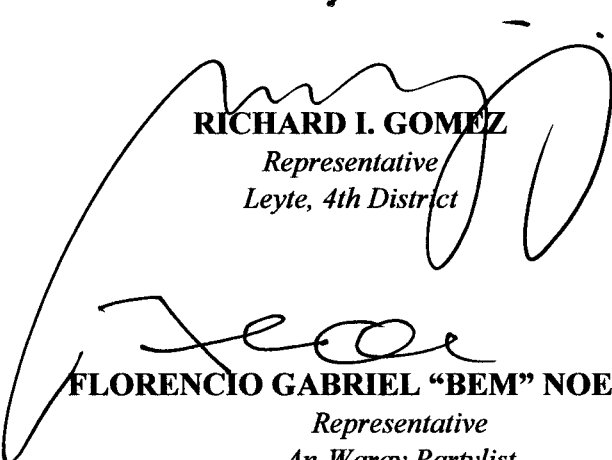
corporations, cooperatives, and similar collective organizations, shall be encouraged to broaden the base of their ownership.

As a transportation hub with an airport, flourishing seaport, and established land transportation connections to the rest of the Eastern Visayas region, the geographic, commercial, eco-tourism, and economic sources of Ormoc City make it conducive for the establishment of a special economic zone that can effectively provide the Eastern Visayas region and the province of Leyte with a decentralized, self-reliant and self - sustaining investment center.

Therefore, this bill seeks to establish a special economic zone in Ormoc City, Province of Leyte to be known as the Eastern Visayas Special Economic Zone.

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

Damo nga salamat.



RICHARD I. GOMEZ

*Representative
Leyte, 4th District*



FLORENCIO GABRIEL "BEM" NOEL

*Representative
An-Waray Partylist*



JOSEPHINE VERONIQUE "JAYE" LACSON-NOEL

*Representative
Malabon, Lone District*



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HOUSE BILL NO. **6462**

Introduced by Representative **Richard I. Gomez**, Representative **Florencio Gabriel "Bem" G. Noel**, and Representative **Josephine Veronique "Jaye" Lacson-Noel**

**AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE AND FREE PORT IN
ORMOC CITY, PROVINCE OF LEYTE TO BE KNOWN AS THE "EASTERN
VISAYAS SPECIAL ECONOMIC ZONE AND FREE PORT," AND
APPROPRIATING FUNDS THEREFOR**

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

SECTION 1. Short Title. - This Act shall be known as the "*Eastern Visayas Special Economic Zone and Free Port Act*."

SEC. 2. *Declaration of Policy.* - It is hereby declared the policy of the State to encourage and promote the attainment of a sound and balanced industrial, economic and social development in the country through the promotion of private enterprises. Towards this end, the State shall endeavor to establish special economic zones in suitable and selected areas in the country where enterprises are given incentives to create an environment conducive to business. A friendly business environment will attract local and foreign investors, generate employment opportunities, and encourage the regional dispersal of industries.

SEC. 3. *The Creation of the Eastern Visayas Special Economic Zone and Free Port.* - In accordance with the foregoing policy, there is hereby established a special economic zone and free port in Ormoc City, Province of Leyte, to be known as the "**Eastern Visayas Special Economic Zone and Free Port**", hereinafter referred to as the **EVIS Ecozone**. The metes and bounds of the EVIS Ecozone shall be specifically defined by presidential proclamation to be issued for this purpose.

SEC. 4. *Governing Principles.* - The EVIS Ecozone shall be managed and operated by the **Eastern Visayas Special Economic Zone Authority**, hereinafter referred to as the **EVIS Authority** created under Section 5 of this Act, under the following principles:

- a) Within the framework and limitations of the Constitution and the applicable provisions of the Local Government Code (LGC), the EVIS Ecozone shall be developed into a decentralized, self-reliant and self-sustaining export

processing, agro-industrial, commercial, financial, investment and tourist center with suitable retirement and residential areas. The EVIS Ecozone shall be provided with transportation, telecommunications, and other facilities needed to attract legitimate and productive local and foreign investments, generate linkage industries and employment opportunities for the people of Leyte and the Eastern Visayas region;

b) The EVIS Ecozone may establish mutually beneficial economic relations with other entities within the country, subject to the administrative guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority (PEZA), and the Department of Trade and Industry (DTI), with foreign entities or enterprises;

c) Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises within the EVIS Ecozone, either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the EVIS Ecozone. Their assets, profits and other legitimate interests shall be protected: *Provided*, That the EVIS Ecozone through the EVIS Authority may require a minimum investment for any special economic zone enterprise in freely convertible currencies: *Provided*, further, That the new investment shall fall under the priorities, thrusts and limits provided for in the Act;

d) The EVIS Ecozone shall be managed and operated as a separate customs territory to ensure and facilitate the free flow, entry and movement of machinery and other goods. However, exportation or removal of goods, articles and capital from the zone to other parts of the Philippine territory shall be subject to customs duties and taxes under the Customs and Tariff Code and other relevant tax laws of the Philippines. It shall be vested with the authority to issue certificates of origin for products manufactured or processed within the EVIS Ecozone in accordance with prevailing rules of origin, and the pertinent regulations of the duly recognized national bodies tasked to oversee all other ecozones in the country;

e) Duty and Tax Free stores shall be located only within the IT Park;

f) Business establishments operating within the EVIS Ecozone are entitled to the existing tax and duty incentives as provided for under R.A. No. 11534 otherwise known as the CREATE Law and such other non-fiscal incentives as the City of Ormoc and applicable law may provide.

g) Any provision of existing laws, rules or regulations to the contrary notwithstanding, no taxes, local and national, including final withholding taxes on dividends to the parent company and branch profit remittances to the head office of a business establishment, shall be imposed on business establishments operating within the EVIS Ecozone. In lieu of all local and national taxes, said business establishments shall pay to the National Government a final tax of five per centum (5%) of their gross taxable income as determined in accordance with the applicable tax laws in the Philippines, to be divided as follows:

1) Three per centum (3%) shall accrue to the National Government;

3) One per centum (1%) to be shared by the Ormoc City which is affected by the declaration of the EVIS Ecozone in proportion to their income from business activities within the EVIS Ecozone; and

4) One per centum (1%) to the Eastern Visayas Special Economic Zone Authority which shall be created under this Act: Provided, That the final tax of five per centum (5%) of net income may be increased by the President of the Philippines after ten years from the effectivity of this Act upon the recommendation of the Secretaries of Finance, and Trade and Industry, the Chairperson of the National Economic Development Authority and the administrator of the Eastern Visayas Special Economic Zone Authority: Provided, further, That in no case shall the final tax to be imposed exceed fifteen per centum (15%) of net income.

In case of conflict between local and national tax laws on the one hand, and the tax incentives herein granted on the other, the same shall be resolved in favor of the grant of incentives.

h) Except as otherwise provided herein, the local government units (LGUs) embraced within the EVIS Ecozone shall retain and maintain their basic autonomy and identity, and shall continue to operate and function in accordance with Republic Act No. 7160, otherwise known as the "Local Government Code of 1991, insofar as the areas within their respective jurisdictions covered by this Act are concerned;"

i) Any foreign investor who establishes a business enterprise within the EVIS Ecozone and who maintains capital investment of not less than One Hundred Fifty Thousand United States Dollars (US\$150,000) shall be granted, along with his or her spouse, dependents and unmarried children below twenty-one (21) years of age, a permanent resident status within the EVIS Ecozone;

Such foreign investor, and his or her spouse, dependents and unmarried children below the age of twenty-one (21) years, shall have freedom of ingress and egress in the EVIS Ecozone without any need of any special authorization from the Bureau of Immigration.

Likewise, the Eastern Visayas Special Economic Zone Authority shall issue working visas renewable every two (2) years to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses, as certified by the Department of Labor and Employment.

The names of the foreigners granted permanent resident status and working visas by the Eastern Visayas Special Economic Zone Authority shall be reported to the Bureau of Immigration within thirty (30) days from such grant.

The foregoing is without prejudice to a foreigner acquiring permanent resident status in the Philippines in accordance with applicable immigration, retirement, and other related laws.

j) The provisions of any law to the contrary notwithstanding, any foreigner, partnership, corporation, or any other business association not created and existing under the laws of the Republic of the Philippines, engaged in the business of retailing goods and

merchandise, shall be permitted to engage in such retail trade within the EVIS Ecozone after securing license for that purpose from the Eastern Visayas Special Economic Zone Authority: Provided, That only foreign nationals engaged in medium and large-scale retail trade may be permitted to engage in such business within the EVIS Ecozone. The determination of the medium and large-scale retail trade operation shall be the responsibility of the Eastern Visayas Special Economic Zone Authority; Provided, further, that those domestic and/or foreign entities engaged in the business of retailing goods and merchandise shall operate and function in accordance with Republic Act No. 11595, as amended, otherwise known as the Retail Trade Liberalization Act of 2000; and with regard to the mandatory registration to SEC of Foreign entities who intent to do business in the Philippines, Republic Act No. 11647, as amended, otherwise known as the Foreign Investments Act of 1991, and

k) The Banko Sentral ng Pilipinas (BSP), through the Monetary Board, shall supervise and regulate the operations of banks and other financial institutions within the EVIS Ecozone. Existing banking laws and BSP rules and regulations shall apply on foreign exchange and other current account trade and non-trade transactions, local and foreign borrowings, foreign investments, establishment and operation of local and foreign banks, foreign currency deposit units, offshore banking units and other financial institutions under the supervision of the BSP:

SEC. 5. *The Creation of the Eastern Visayas Special Economic Zone Authority.* - Subject to the concurrence of the LGUs that will be affected by the creation of the EVIS Ecozone, there is hereby created a body corporate to be known as the **Eastern Visayas Economic Zone Authority (EVIS Authority)**, hereinafter referred to as the Authority, which shall manage and operate the Eastern Visayas Special Economic Zone and Free Port, in accordance with the provisions this Act. This corporate franchise shall expire in fifty (50) years counted from the first year after the effectivity of this Act, unless otherwise extended by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

SEC. 6. *Principal Office.* – The Authority shall maintain its principal office in Ormoc City, Province of Leyte, but it may establish branches and agencies within the Philippines and abroad as may be necessary for the proper conduct of its business.

SEC. 7. *Powers and Functions of the Authority.* – The Authority shall have the following functions:

- a) To operate, administer, and manage the EVIS Ecozone according to the principles and provisions set forth in this Act;
- b) To fix and delimit the site of the EVIS Ecozone subject to the approval of the President through a Presidential Proclamation to be issued for this purpose;
- c) To register, regulate and supervise the enterprises in the EVIS Ecozone in an efficient and decentralized manner;
- d) To regulate and undertake the establishment, operation and maintenance of utilities, other services and infrastructure in the EVIS Ecozone such as heat, light and power, water supply, telecommunications, transport, toll roads and bridges, port services, and fix just, reasonable and competitive rates, fares, charges and prices therefor;

- e) To directly negotiate with and grant foreign or international airlines and carriers entry permits and landing rights into the zone;
- f) To have sole, absolute and exclusive authority to construct, acquire, own, lease, assign, establish, operate and maintain on its own or through others by virtue of contracts, franchises, licenses, or permits under any of the schemes allowed in Republic Act No. 6957, otherwise known as the "Build-Operate Transfer Law," or in joint venture with the private sector without the necessity of conducting public bidding thereon, any or all of the public utilities and infrastructure required or needed in the EVIS Ecozone, which include transportation, construction of road networks, water and sewerage systems, electric power, wireline and wireless telecommunications systems, networks, facilities and services, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;
- g) To undertake all public infrastructure and utility projects within the EVIS Ecozone and as provided for in this Act and to contract foreign loans and grants in accordance with existing laws;
- h) To operate on its own, either directly or through a subsidiary entity, or license to other tourism related activities, including games, amusements and recreational and sports facilities to provide, in cooperation with the Department of Tourism (DOT), incentives to tourism-related businesses operating within the EVIS Ecozone which include duty-free buying privileges for non-resident visitors;
- i) Within the limitation provided by law, to raise or borrow 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;
- j) To provide security for the EVIS Ecozone in coordination with the national and local governments. For this purpose, the Authority may establish and maintain its own security force and firefighting capability or hire others to provide the same;
- k) To protect, preserve, maintain and develop, among others, the virgin forests, beaches, coral and coral reefs and minerals and mineral deposits, including precious metals within the EVIS Ecozone. 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 EVIS Ecozone, including the issuance of environmental clearance certificates, patents and leasehold rights over government lands and mining, drilling and timber licenses;
- l) To acquire private real properties or rights thereon for infrastructure and other development projects, secure rights-of-way which are needed for said projects and the settlement of claims for payment, without further need of conducting feasibility studies, information campaign, engineering surveys, project cost estimates as required by existing laws and regulations pertinent thereto;

- m) To charge reasonable fees for the provisions of services and the maintenance of infrastructure and utilities;
- n) To impose fines and penalties for violations of the provisions of this Act and the rules and regulations to be issued by the Authority;
- o) To phase the operationalization of the zone by delineating secured areas within the zone: Provided, that privileges including tax and duty-free retailing provided herein shall be accorded only to the secured areas: Provided, finally, that in such secured area, the component LGUs may still exercise their taxing and revenue generating authority but only insofar as persons or enterprises not registered with the Authority as zone enterprises;
- p) To create, operate or contract to operate such agencies and functional units or offices of the Authority, as it may deem necessary;
- q) To adopt, alter and use a corporate seal; to contracts, lease, buy, sell, acquire, own or otherwise dispose movable and immovable as well as personal or real property of whatever nature, bonds, precious metals bullions, ingots, and easily convertible foreign exchange; 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;
- r) To issue implementing rules and regulations consistent with the provisions of this Act as may be necessary to implement and accomplish the purposes, objectives, and policies provided therein.
- s) To consult with the Philippine Economic Zone Authority (PEZA) and appropriate government agencies for policy and program formulation and implementation.

SEC. 8. *Non-profit Character of the Authority.* - The Authority shall be non-profit and shall devote the use of its returns from capital investments, as well as excess revenues from its operations, for the development, improvement, and maintenance and other related expenditures of the Authority to pay its indebtedness and obligations and in furtherance and effective implementation of the policy provided in this Act.

In consonance thereto, the Authority is hereby declared exempt from the payment of all taxes, duties, fees, imposts, charges, costs and service fees as well as any other costs and charges in any court or administrative proceedings in which it may be a party.

The foregoing exemptions may however be entirely or partially lifted by the President of the Philippines upon the recommendation of the Secretary of Finance, not earlier than five (5) years from the effectivity of this Act, if the President finds the Authority to be self-sustaining and financially capable by then to pay such taxes, customs duties, fees and other charges after providing for debt service requirements of the Authority and of its projected capital and operating expenditures.

SEC. 9. *Board of Directors; Composition; Tenure of the Authority.* – The powers of the Authority are vested in and exercised by a Board of Directors, hereinafter referred to as the Board. The Board is composed of the following:

- a) The Chairperson who is appointed by the President of the Republic of the Philippines;

- b) The President and Chief Executive Officer (CEO) who is appointed by the Board and who is the vice chairperson of the Board;
- c) One representative from the domestic investors;
- d) One representative from the foreign investors;
- e) One representative from the workers working in the EVIS Ecozone; and
- f) Two prominent citizens of the Philippines of whom one shall be a resident of the Province of Leyte, as members.

The chairperson and the members of the Board shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner separated from service due to death, voluntary resignation or removal for cause. In case of death, resignation or removal for cause, the replacement shall serve only the unexpired portion of the term.

No person shall be appointed by the President of the Philippines 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, business, banking, shipping, business or labor management, port operations, engineering, or law; Provided, that the representatives from the investors may or may not be a Filipino citizen.

The chairperson and president of the EVIS Authority shall have a fixed term of six (6) years.

All procedural matters in the conduct of board meetings shall be prescribed in its internal rules.

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

SEC. 10. Powers and Duties of the Chairperson, President and CEO of the Authority. – The chairperson shall have the following powers and duties:

- a) To exercise supervision over the affairs of the Authority;
- b) To preside over all the meetings of the Board;
- c) To spearhead the formulation of policies and procedures for the Board and the Authority with the concurrence of the majority of its members;
- d) To direct the affairs of the Authority in accordance with the policies of the Board through its president and CEO;
- e) To ensure that the goals and objectives set forth by the Board are achieved and its policies implemented; and
- f) To lead the Board in carrying out the powers and functions of the Authority as enumerated in Section 7 of this Act.

The President and CEO shall, among other powers and duties, execute, carry out and administer the policies, measures, orders and resolutions approved by the Board; direct and supervise the day-to-day operation and administration of the EVIS Ecozone; and exercise such other powers and perform such other functions or duties as may be directed to or assigned by law or by the Board from time to time. Particularly, the president and CEO shall exercise the following powers and duties:

- a) To serve as the vice chairperson of the Board and to assist the chairperson and, in case of absence or incapacity act instead of the chairperson: Provided, however, That in case both are absent, the Board shall designate a temporary chairperson from among its members;
- b) To sign and execute all contracts concluded by the Authority and enter into all necessary obligations required or permitted by the charter upon proper authorization by the Board; and sign all major documents, notes and checks for the EVIS Ecozone;
- c) To exercise full discretion in the management of the affairs of the Authority in accordance with law and in accordance with the provisions of this Act and be accountable to the Board;
- d) To establish the internal organization of the Authority under such conditions that the Board may prescribe;
- e) To submit an annual budget and necessary supplemental budget to the Board for its approval;
- f) 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;
- g) To submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the EVIS Ecozone;
- h) 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 EVIS Ecozone; and
- i) To perform such other duties as may be assigned by the Board or which are necessary or incidental to the office.

SEC 11. *Functions of the Board.* - The Board of Directors shall be the policy-making body of the EVIS Authority and shall perform the following functions:

- a) Determine the organizational structure of the EVIS Authority, define the duties and responsibilities of all officials and employees and adopt a compensation and benefit scheme as provided in Section 13 of the same Act;
- b) Appoint all officials down to the third level and authorize the president of the EVIS Authority to appoint all others; Provided, that all appointments shall be on the basis of merit and fitness and all personnel action shall be in pursuance of Civil Service Law, rules and regulations, except those coterminous employees of the members of the Board;

- c) Prepare the annual and supplemental budgets of the EVIS Authority; and
- d) Submit an annual report of the operation of the EVIS Authority to the President of the Philippines, Senate President and Speaker of the House of Representatives;

SEC. 12. *Organization and Personnel.* – The Board of Directors of the Authority are entitled to organize its own personnel to assist the Board in the exercise of its functions and to provide for an organization of the Authority officers and employees. Upon recommendation of the President and CEO, the Board shall appoint and fix the remunerations and other emoluments of its officers and employees in accordance with existing laws on compensation and position classification: Provided, That the Board shall have exclusive and final authority to promote, transfer, assign or reassign officers of the Authority, any provision of existing law to the contrary notwithstanding: Provided, further, That the President and CEO may carry out removal of such officers and employees.

All positions in the Authority shall be governed by a compensation, position, classification system and qualification standards approved by the chairperson with the concurrence of the Board based on a comprehensive job analysis and audit of actual duties and responsibilities. The compensation plan must be comparable with the prevailing compensation plans in the Subic Bay Metropolitan Authority (SBMA), the Clark Development Corporation (CDC), the Bases Conversion and Development Authority (BCDA) and the private sector and subject to the periodic review by the Board no more than once every two (2) years without prejudice to yearly merit reviews or increases based on existing laws, rules and regulations on compensation, position classification and qualification standards. It shall, however, endeavor to make its systems conform as closely as possible with the principles under Republic Act No. 6758, otherwise known as the “Compensation and Position Classification Act of 1989,” as amended.

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

SEC. 13. *Labor and Management Relations.* - Except as otherwise provided in this Act, labor and management relations in the EVIS Ecozone 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 Authority shall allow the visitorial power of the Secretary of Labor and Employment or the duly authorized representative.

SEC. 14. *Ipsa Facto Clause.* - Sections 30-41 of Republic Act No. 7916, otherwise known as the “Special Economic Zone Act of 1995,” as amended by Republic Act No. 8748, shall ipso facto apply to the EVIS Ecozone.

SEC. 15. *Capitalization.* - The Authority shall have an authorized capital stock of Two billion pesos (P2,000,000,000) 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 comprising the EVIS Ecozone. The Board of Directors of the Authority 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 Authority 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 Authority,

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

SEC. 16. *Supervision.* – The EVIS Ecozone shall be under the direct control and supervision of the EVIS Authority for purposes of policy direction and coordination.

SEC. 17. *Relationship with the Regional Development Council.* – The Authority shall determine the development goals for the EVIS Ecozone within the framework of national development plans, policies and goals. The president and CEO shall, upon approval by the Board, submit the plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SEC. 18. *Relationship with Local Government Units.* - Except as herein provided, the LGUs comprising the EVIS Ecozone shall retain their basic autonomy and identity. In case of any conflict between the Authority and the Province of Leyte on matters affecting the EVIS Ecozone other than defense and security matters, the decision of the Authority prevails.

SEC. 19. *Interpretation and Construction.* – The powers, authorities and functions that are vested in the Authority are intended to decentralize governmental functions and authority and promote an efficient and effective working relationship between the EVIS Ecozone, the National Government, and the LGUs.

SEC. 20. *Auditing.* - The Commission on Audit (COA) shall appoint a representative who shall be a full time auditor of the Authority and assign such number of personnel as may be necessary to assist said representative in the performance of official duties. The salaries and emoluments of the assigned auditor and personnel shall be in accordance with pertinent laws, rules and regulations.

SEC. 21. *Penal Provision.* - Any registered business enterprise found guilty of smuggling by final judgment, either as principal, accomplice or accessory shall be perpetually barred from doing business in EVIS Ecozone in addition to the penalties and sanctions imposed by existing laws.

SEC. 22. *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. 23. *Repealing Clause.* – All laws, decrees, executive orders, rules and regulations or parts thereof inconsistent with or contrary to the provisions of this Act are deemed amended, repealed or modified accordingly.

SEC. 24. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,