



Republic of the Philippines
House of Representatives
Quezon City

NINETEENTH CONGRESS

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House Bill No. 7058



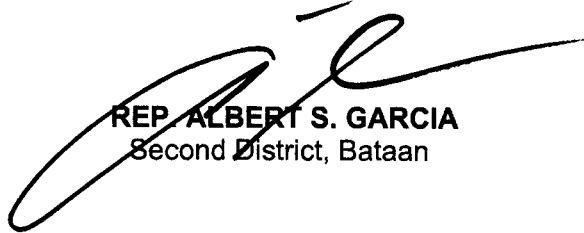
Introduced by Representative Albert S. Garcia

EXPLANATORY NOTE

This measure seeks to further amend the charter of the Authority of the Freeport Area of Bataan (AFAB). AFAB has been instrumental in spurring local economic development in the Province of Bataan. As one of the leading investment promotion agencies (IPAs) in the country, it has also substantially contributed to the growth of the Philippine economy.

Its last charter amendment during the 17th Congress has been key to further strengthening its role as an engine of growth in Bataan and in the Philippines. We are proposing further amendments to its charter as a means towards further maximizing its potential as a major contributor to the development of the country.

Approval of the measure, then, is earnestly sought for my colleagues.


REP. ALBERT S. GARCIA
Second District, Bataan

1 **ASSISTANCE OR PARTNERSHIP WITH OTHER AGENCIES AND**
2 **INSTRUMENTALITIES OF THE GOVERNMENT.”**

3
4 **Section 2.** Section 4 of Republic Act No. 9728, as amended, is hereby
5 amended to read as follows:

6 “Section 4. Governing Principles. - The FAB shall be managed and operated
7 under the following principles:

8
9 (a) Within the framework and limitations of the Constitution and
10 applicable provisions of the Local Government Code, the FAB shall be
11 developed into and operated as a decentralized, self - reliant and self -
12 sustaining industrial, commercial - trading, research and development,
13 engineering, medical, education, information and communications technology
14 including emerging and future technologies such as artificial technology,
15 blockchain, business process outsourcing, cloud computing, cybersecurity,
16 distributed ledger technology, financial technology solutions, **SPACE**
17 **TECHNOLOGY**, internet of things, and virtual reality, retirement and healthcare
18 services, agro-industrial, and investment center with provision for suitable
19 residential areas;

20
21 (g) The areas comprising the FAB may be expanded or reduced when
22 necessary. For this purpose, the AFAB, with the concurrence of the appropriate
23 and affected local government units (LGUs) and the agreement of appropriate
24 national government agencies, government-owned and -controlled
25 corporations and instrumentalities, and **UPON** approval of the Board in
26 accordance and in compliance with existing laws ~~and local ordinances~~ shall
27 have the power to acquire, procure, and/or expand either by purchase,
28 negotiation, **EXPROPRIATION OR** condemnation proceedings, or any other
29 arrangement, any private or alienable and disposable public lands and/or their
30 respective water territories within the territorial jurisdiction of the Province of
31 Bataan, if any, for the following purposes:”

32
33 xxx

1
2 (i) The defense of the FAB and the security of its perimeter fence shall
3 be the responsibility of the National Government in coordination with the AFAB
4 and the LGUs. The AFAB shall provide its own internal security and firefighting
5 forces. **FOR THE PURPOSE OF PUBLIC SAFETY AND SECURITY, LAW**
6 **AND ORDER, AND DISASTER RISK REDUCTION MANAGEMENT (DRRM)**
7 **AND RESILIENCY, THE AFAB SHALL HAVE ITS OWN INTERNAL POLICE**
8 **FORCE, FIREFIGHTING FORCES, AND DRRM OFFICE.**
9

10 **Section 3.** Section 7 of Republic Act No. 9728, as amended, is hereby further
11 amended to read as follows:
12

13 “Section 7. Incentive to Investors.- Any foreign national who invests an
14 amount of Seventy-five thousand US dollars (US\$75,000.00), either in cash and/or
15 equipment, **DIRECTLY TO THE AFAB OR** in a registered enterprise shall be
16 entitled to an investor's visa: Provided, that he has the following qualifications:

- 17 (a) He is at least eighteen (18) years of age;
18 (b) He has not been convicted of a crime involving moral turpitude;
19 (c) He is not afflicted with any loathsome, dangerous or contagious disease;
20 and
21 (d) He has not been institutionalized for any mental disorder or disability.
22

23 As a holder of **AN** investor's visa, an alien shall be entitled to reside in the
24 Philippines while his investment subsists. For this purpose, he should
25 submit an annual report, in the form duly prescribed for the purpose, to
26 prove that he has maintained his investment in the country, should said alien
27 withdraw his investments from the Philippines, then the investor's visa
28 issued to him shall automatically expire.”
29

30 **Section 4.** Section 13 of Republic Act No. 9728, as amended, is hereby further
31 amended and to read as follows:
32

1 "SEC. 13. Powers and Functions of AFAB. The AFAB shall have the
2 following functions:

3
4 "(a) To adopt, alter, use a corporate seal, to contract, lease, buy,
5 sell, acquire, own and dispose properties of whatever nature, **INCLUDING**
6 **PUBLIC DOMINION OR PATRIMONIAL PROPERTY. THE AFAB IS**
7 **AUTHORIZED TO SELL LANDS WHICH ARE HEREBY DECLARED**
8 **ALIENABLE AND DISPOSABLE PURSUANT TO THE PROVISIONS OF**
9 **EXISTING LAWS AND REGULATIONS GOVERNING SALES OF**
10 **GOVERNMENT PROPERTIES; PROVIDED, THAT, NO SALE OF SUCH**
11 **LANDS WILL BE UNDERTAKEN UNTIL A DEVELOPMENT PLAN IS**
12 **SUBMITTED AND DULY APPROVED BY THE AFAB BOARD OF**
13 **DIRECTORS IN ACCORDANCE WITH THE FAB COMPREHENSIVE**
14 **MASTER DEVELOPMENT PLAN;**

15
16 "(b) To sue and be sued in order to carry out its duties,
17 responsibilities, privileges, powers and functions as granted and provided
18 for in this Act and to exercise the power of eminent domain for public use
19 and public purpose **OVER ANY PRIVATELY-OWNED PROPERTY**
20 **LOCATED WITHIN THE FAB MAIN ZONE AND SUCH OTHER AREAS**
21 **WITHIN THE PROVINCE OF BATAAN SUBJECT TO THE**
22 **REQUIREMENTS OF THE CONSTITUTION AND PREVAILING LAWS;**

23
24 "(c) xxx

25
26 "(d) xxx;

27
28 "(e) xxx;

29
30 "(f) xxx;

31
32 **(G) TO RECLAIM AND DEVELOP, OR TO UNDERTAKE,**
33 **ON ITS OWN OR THROUGH OTHERS, AND APPROVE**

1 RECLAMATION AND RELATED PROJECTS, IN ACCORDANCE
2 WITH RELEVANT LAWS INSOFAR AS APPLICABLE TO THE
3 AFAB, AS WELL AS TO OWN, HOLD, PURCHASE OR LEASE
4 FORESHORE AREAS WITHIN OR ADJACENT OR
5 APPROXIMATE TO THE AREAS, PROVIDED, HOWEVER, THAT
6 THE AFAB SHALL COORDINATE WITH THE LGUS FOR THE
7 DEVELOPMENT PLANS, ACTIVITIES AND OPERATION OF THE
8 RECLAIMED AREA IN THE FAB AND ITS EXPANSION AREAS;
9

10 (H) TO TAKE WATER, SAND, AND OTHER MATERIALS
11 FROM ANY PUBLIC STREAM, RIVER, CREEK, LAKE, SPRING,
12 WATERFALL, OR UNDERGROUND AQUIFERS, AS MAY BE
13 NECESSARY FOR THE ATTAINMENT OF THE ACT; TO ALTER,
14 STRAIGHTEN, OBSTRUCT OR INCREASE THE FLOW OF
15 WATER IN STREAMS OR IN WATER CHANNELS
16 INTERCEPTING OR CONNECTING THEREWITH OR
17 CONTIGUOUS TO ITS WORKS OR ANY PART THEREOF AND
18 TO ISSUE THE CORRESPONDING WATER PERMITS AND
19 OTHER CLEARANCES IN RELATION TO THE FOREGOING;
20

21 (I) TO EXERCISE SOLE AND EXCLUSIVE PORT
22 REGULATORY AND ADMINISTRATIVE AUTHORITY WITHIN ITS
23 TERRITORIAL JURISDICTION, WHICH SHALL INCLUDE ALL
24 SEAS, LAKES, RIVERS, AND ALL OTHER NAVIGABLE INLAND
25 WATERWAYS WITHIN THE FAB MAIN ZONE AND ITS
26 EXPANSION AREAS, INCLUDING WATERWAYS WITHIN THE
27 FAB MAIN ZONE AND ALL ITS EXPANSION AREAS IN THE
28 PROVINCE OF BATAAN;
29

30 [g] (J) To license, set fees, regulate, **MANAGE**, and
31 undertake the establishment, operation and maintenance of utilities,
32 other services, educational and medical institutions and
33 infrastructure in the FAB such as, but not limited to, heat, light and

1 power, water supply, telecommunications, mobile, internet and other
2 data facilities, transport, toll roads and bridges, port services, etc. and
3 to fix just, reasonable and competitive rates, fares, charges and
4 prices thereof;

5
6 [h] (K) xxx;
7

8 [i] (L) To operate on its own, either directly or through a license to other
9 tourism - related activities, including games, amusements, recreational and
10 sports facilities ~~subject to the approval and supervision of the Philippine~~
11 ~~Amusement and Gaming Corporation (PAGCOR);~~

12
13 [j] (M) xxx
14

15 [j] (N) xxx
16

17 [k] (O) To exclusively enforce and administer the provisions of the
18 National Building Code of the Philippines and the Fire Code of the
19 Philippines, as amended, **AND MAY PRESCRIBE MEASURES AND**
20 **GUIDELINES TO DEAL WITH NATURAL CALAMITIES SUCH AS**
21 **EARTHQUAKES, FOREST FIRES, TYPHOONS AND STORM SURGES,**
22 within the territorial jurisdiction of the FAB; Provided, that the AFAB shall be
23 fully responsible and accountable for the enforcement and administration of
24 the National Building Code of the Philippines and the Fire Code of the
25 Philippines, as amended, **AND RELEVANT LAWS THERETO** within the
26 FAB. **FOR THIS PURPOSE, THE AFAB FIRE AND EMERGENCY**
27 **DIVISION AND ITS DULY AUTHORIZED REPRESENTATIVES SHALL**
28 **HAVE THE POWERS AND DUTIES TO INVESTIGATE ARSON AND**
29 **OTHER FIRE INCIDENTS WITHIN THE FAB, INCLUDING THOSE IN FAB**
30 **EXPANSION AREAS..**

31
32 The AFAB Administrator, or his official designate, shall function as the AFAB
33 Building Official, who shall issue all building permits and other related

1 permits subject to the collection by AFAB of the corresponding permit fees:
2 Provided, That the AFAB Building Official shall also be authorized to require
3 owners of houses, buildings, or other structures constructed without the
4 necessary AFAB permit/s, or those that are condemned and/or abated by
5 the AFAB in accordance with the conditions set forth in the National Building
6 Code or Civil Code, as the case may be, whether constructed on public or
7 private lands, to remove or demolish such houses, buildings, or structures
8 within fifteen (15) days from receipt of notice. Upon failure of such owner to
9 remove or demolish such house, building, or structure within such period,
10 the AFAB may summarily cause its removal or demolition at the expense of
11 the owner and the occupants.
12

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

18 [I] (P) To ~~provide~~ **BE THE PRINCIPAL PROVIDER OF** security IN the
19 FAB in coordination with the national and local governments. For this
20 purpose, the AFAB may establish and maintain its security forces and
21 firefighting capability or hire others to provide the same, **SUCH AS THE**
22 **INSTALLATION OF SECURITY GATES TO ENCLOSE, RESTRICT, AND**
23 **REGULATE THE INGRESS TO AND EGRESS FROM LOCAL AND**
24 **NATIONAL ROADS.** In the event that an assistance of the military force is
25 necessary, it shall not interfere in the internal affairs of the FAB except to
26 provide the necessary security and defense, and their expenses shall be
27 borne by the National Government. To ensure the maintenance of law and
28 order within the boundaries of the FAB, including conducting police
29 investigations, arrests, search and seizure for violation of penal laws inside
30 the FAB, the AFAB **MAY SEEK ASSISTANCE FROM** the Philippine
31 National Police (PNP) **WHICH** shall establish a police substation, if
32 necessary, **THAT SHALL BE** under the supervision of the PNP Provincial

1 Director, to be manned by such number of personnel as will allow them to
2 effectively and efficiently pursue its mandate.

3
4 The AFAB shall also be authorized to install control gates at strategic
5 points of the national roads within the FAB, through which access into and
6 departure from the FAB shall be fully controlled by the AFAB;
7

8 [m] **(Q)** To protect, preserve, maintain and develop the forests,
9 beaches, coral and coral reefs, and maintain ecological balance within the
10 FAB. For this purpose, the rules and regulations of the Department of
11 Environment and Natural Resources (DENR) and other government
12 agencies involved in the above functions shall be implemented by the AFAB;
13 Provided, that the issuance, enforcement and monitoring of environmental
14 compliance certificates (ECCs), tree cutting permits, foreshore leases,
15 **MISCELLANEOUS LEASES**, and all other related permits and clearances,
16 **AS WELL AS THE PERMIT TO OPERATE AIR POLLUTION SOURCE**
17 **AND CONTROL INSTALLATION, AND IMPLEMENTATION PERTAINING**
18 **TO THE ISSUANCE OF DISCHARGE PERMIT, WATER PERMIT AND**
19 **DRILLING PERMITS, AND ALL OTHER RELATED PERMITS** ~~issued by~~
20 ~~the DENR and other government agencies~~ shall be under the exclusive
21 control and jurisdiction of the AFAB;
22

23 [n] **(R)** To create, operate and/or contract to operate such functional
24 units or offices of the AFAB as it may deem necessary;
25

26 “[o] **(S)** To issue certificates of origin for products manufactured or
27 processed in the FAB;
28

29 “[p] **(T)** xxx;
30

31 “(q) **(U)** TO ISSUE ON ITS OWN, OR to recommend the issuance of
32 working visas renewable every three (3) years to foreign executives and

1 foreign technicians with highly specialized skill which no Filipino possesses,
2 subject to the issuance of the Certification and Alien Employment Permit by
3 the Department Of Labor And Employment (DOLE);

4 To exercise such powers as may be essential, necessary or
5 incidental to the powers granted to it hereunder as well as those that shall
6 enable it to carry out, implement and accomplish the purposes, objectives
7 and policies of this Act; and”
8

9 [r] (V) xxx
10

11 [s] (W) xxx

12 [t] (X) **TO ISSUE ON ITS OWN, OR** to endorse **THE ISSUANCE OF,**
13 Special Resident Retirees' Visas (SRRVS) for retirees that intend to reside in
14 the FAB, in collaboration with the Philippine Retirement Authority (PRA), **AND**
15 **OTHER VISAS;** Provided, that the AFAB shall issue joint regulations **WITH**
16 **OTHER RELEVANT GOVERNMENT AGENCIES** on the processing of SRRVs
17 **AND OTHER VISAS** in accordance with existing laws;

18 [u] (Y) To establish, operate and maintain utilities, facilities,
19 infrastructure, services, businesses, activities, and concessions in the FAB,
20 pertaining to shipping and maritime business and activities including
21 stevedoring and port terminal services or concession; **TO UNDERTAKE, ON**
22 **ITS OWN OR THROUGH OTHERS, REGULATE AND ADMINISTER YACHT**
23 **CLUBS OR YACHT DEVELOPERS FOR THEIR BERTHING FACILITIES TO**
24 **BE ESTABLISHED IN THE FAB;** provided, that the Maritime Industry Authority
25 (MARINA) shall continue to exercise its power to regulate and supervise the
26 shipbuilding and ship repair of any merchant marine vessel operated or to be
27 operated in the domestic trade and the domestic shipping industry within the
28 FAB;

29
30 [v] (Z) xxx
31

1 [w] (AA) xxx

2
3 [x] (BB) xxx

4
5 **SEC. 5.** Section 14 of Republic Act No. 9728, as amended, is likewise further
6 amended to read as follows:

7 "Section 14. Board of Directors of the AFAB. The powers of the AFAB
8 shall be vested in and exercised by a Board of Directors, hereinafter
9 referred to as the Board, which shall be composed of the following:

10 (a) xxx

11 (b) xxx

12 (c) Members consisting of:

13
14 (1) xxx

15 (2) xxx

16 (3) One (1) from the district covering the site of the FAB **MAIN**
17 **ZONE;**

18 (4) xxx

19 (5) One (1) representative from **FOR** the ~~AFAB-Registered~~
20 domestic investors

21 (6) One (1) representative from **FOR** the ~~AFAB-Registered~~
22 foreign investors

23 (7) One (1) representative from the ~~workers working in the FAB~~
24 **LABOR SECTOR**

25 Provided, that all members of the Board shall be Filipino citizens.

26 The ADMINISTRATOR and the members of the Board, shall be
27 appointed by the President of the Philippines to serve for a term of six (6)
28 years, **WITH THE RIGHT TO HOLD OVER UNTIL REPLACEMENT**
29 **SHALL HAVE BEEN DULY APPOINTED AND QUALIFIED**, unless sooner
30 separated from service due to death, voluntary resignation or removal for
31 cause. In case of death, resignation or removal for cause, the replacement
32 shall serve only the unused portion of the term.

1 No person shall be appointed by the President of the Philippines as
2 a member of the Board unless he is a Filipino citizen, of good moral
3 character, of proven probity and integrity, and a degree holder in any of the
4 following fields: economics, business, public administration, law,
5 management or their equivalent, and with at least ten (10) years relevant
6 working experience preferably in the field of management or public
7 administration.

8 The members of the Board shall each receive per diem at rates to be
9 determined by the Department of Budget and Management (DBM) in
10 accordance with existing rules and regulations: Provided, however, That
11 the total per diem collected each month shall not exceed the equivalent per
12 diem for four (4) meetings.

13
14 **SECTION 6.** Section 21 of Republic Act No. 9728, as amended, is hereby
15 amended to read as follows:

16 “Sec. 21. Capitalization. – The capital stock to be contributed by the
17 Government shall be (a) ~~Two~~ **FIVE** billion pesos (Php ~~2-5,000,000,000.00~~),
18 with option to increase capitalization upon the discretion of the AFAB, (b)
19 All lands embraced and covered by the FAB, including those properties
20 conveyed to the Government Service Insurance System (GSIS) and/or the
21 Social Security System (SSS) under Proclamation No. 740, as amended
22 by Proclamation No. 900, as well as permanent improvements and fixtures
23 upon proper inventory not otherwise alienated, conveyed, or transferred to
24 another government agency; and (c) All other assets which the President
25 may transfer to the AFAB as part of the equity contribution of the
26 government.”

27
28 **Section 7.** Section 24 of Republic Act No. 9728, as amended, is further
29 amended to read as follows:

30 “Section 24. Relationship with Local Government Units. - Except as herein
31 provided, the Municipalities of Mariveles in the Province of Bataan **WHERE**
32 **THE FAB MAIN ZONE AND ITS EXPANSION AREAS ARE LOCATED**

1 shall operate and function **SEPARATELY AND INDEPENDENTLY FROM**
2 **THE AFAB**, in accordance with the Local Government Code of 1991. **ALL**
3 **ECONOMIC AND NON-ECONOMIC ACTIVITIES WITHIN THE FAB MAIN**
4 **ZONE AND ITS EXPANSION AREAS SHALL BE UNDER THE DIRECT**
5 **AND EXCLUSIVE CONTROL, ADMINISTRATION AND JURISDICTION**
6 **OF THE AFAB, EXCEPT FOR NECESSARY COORDINATION AND**
7 **COOPERATION WITH LGUS TO MIRROR EFFORTS OF THE NATIONAL**
8 **GOVERNMENT.**

9
10 **Section 8.** Section 26 of Republic Act No. 9728, as amended, is further
11 amended to read as follows:

12 "Section 26. Interpretation/ Construction. - The powers, authorities and
13 functions that are vested in the AFAB are intended to establish decentralization
14 of governmental functions and authority and promote an efficient and effective
15 working relationship between the AFAB, the National Government and the LGU.
16 **IN CASE OF ANY CONFLICT BETWEEN THE AFAB AND THE LOCAL**
17 **GOVERNMENT UNITS (LGUS) AND THE NATIONAL GOVERNMENT (NG)**
18 **ON MATTERS AFFECTING THE FAB OTHER THAN DEFENSE AND**
19 **SECURITY MATTERS, THE DECISION OF THE AFAB SHALL PREVAIL."**

20
21 **Section 9.** Section 28 of Republic Act No. 9728, as amended, is further
22 amended to read as follows:

23 "Section 28. Transitory Provisions. - All properties, assets, funds,
24 rights, obligations, and liabilities are hereby transferred to the AFAB except
25 for the liabilities that are not properly accounted for as per the reports
26 coming from the Commission on Audit, which shall be retained by the PEZA.

27
28 The AFAB shall be responsible for the operations, administration,
29 management and development of the FAB. The AFAB shall effect the
30 transfer herein provided in a manner that will ensure the least disruption of
31 ongoing programs of the BEZ. The qualified and necessary personnel of the
32 BEZ shall be transferred to and absorbed by the AFAB: Provided, That the
33 tenure, rank, salaries and privileges of such personnel are not reduced or

1 adversely affected. The personnel whose services are not retained by the
2 AFAB shall be granted separation pay and retirement and other benefits
3 they are entitled to under existing laws but in no case shall the separation
4 pay be less than one (1) month for every year of service.

5
6 In the period prior to the actual assumption of duties by the AFAB, all officers
7 and employees of the BEZ shall continue to exercise their functions and
8 discharge their duties and responsibilities. The BEZ shall be deemed
9 abolished upon the organization of the AFAB.

10
11 **ANY AND ALL LAND TITLES AND TAX DECLARATIONS OF ALL REAL**
12 **AND PERSONAL PROPERTIES OWNED AND ADMINISTERED BY THE**
13 **THEN EXPORT PROCESSING ZONE AUTHORITY (EPZA) AND**
14 **PHILIPPINE ECONOMIC ZONE AUTHORITY (PEZA) SHALL BE**
15 **AUTOMATICALLY TRANSFERRED TO AND BE OWNED BY THE AFAB**
16 **BY OPERATION OF LAW. “**

17
18 **Section 10.** Section 29 of Republic Act No. 9728, as amended, is further
19 amended to read as follows:

20 “Section 29. Implementing Rules and Regulations. – The AFAB
21 Board of Directors, ~~in consultation with relevant government agencies~~
22 ~~including but not limited to, the DTI, the DOF, the LGU and the~~
23 ~~Department of the Interior and Local Government,~~ shall formulate the
24 implementing rules and regulations of this Act within ninety (90) days after
25 its approval. Such rules and regulations shall take effect fifteen (15) days
26 after their publication in a newspaper of general circulation in the Philippines

27
28 **Section 11.** Notwithstanding the provisions of Republic Act No. 11534,
29 otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises”
30 (CREATE) Act,” domestic enterprises within the FAB Main Zone and Expansion Areas
31 shall be exempted from payment of Value Added Tax (VAT) and shall be entitled to
32 VAT Zero-rating.

1 **Section 12.** Section 32 of Republic Act No. 9728, as amended, is further
2 amended to read as follows:

3 “Section 32. Repealing Clause. — Proclamation No. 740, as
4 amended by Proclamation No. 900 and Presidential Decree No. 545, insofar
5 as these laws convey the balance of the public land mentioned therein in
6 favor of the GSIS and the SSS, and mandate said agencies to develop the
7 land for construction of housing units and/or condominium houses, are
8 hereby repealed.
9

10 All other laws, **CHARTERS**, decrees, executive orders, **ADMINISTRATIVE**
11 **ORDERS, ISSUANCES**, rules and regulations or parts thereof, inconsistent
12 with the provisions of this Act are hereby repealed or modified accordingly.”
13

14 **SEC. 13. Separability Clause.** Any portion or provision of this Act that may be
15 declared unconstitutional shall not have the effect of nullifying other portions or
16 provisions hereof as such remaining provisions can still subsist and be given effect.
17

18 **SEC. 14. Effectivity.** — This Act shall take effect after fifteen (15) days
19 following its complete publication in the Official Gazette or in two (2) newspapers of
20 general circulation whichever is earlier.