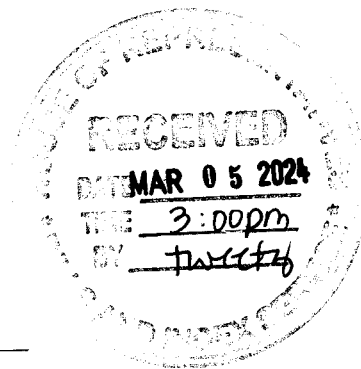


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

NINETEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 10045



Introduced by: REPRESENTATIVE ROSEMARIE CONEJOS PANOTES

EXPLANATORY NOTE

The Province of Camarines Norte is one of the poorest province not only in the Bicol Region but in the entire country. In fact, the province ranked number forty eighth (48th) out of eighty one (81) provinces in the 2022 Ranking of Provinces conducted by the Department of Trade and Industry (DTI) based on economic dynamism, government efficiency, infrastructure, resiliency and innovation.

There is an urgent need therefore to find ways and means that will effectively trigger or stimulate economic activities in the province in order to attract the much needed investments. The infusion of domestic and foreign capitals will certainly propel economic growth and development not only in the Province of Camarines Norte but its neighbours. But under the present situation, this will only be an illusion of grandeur if the national government will not come to the rescue by encouraging or initiating the establishment of economic zone and Freeport that will duplicate the successes of local government units with this kind of economic magnet to prospective investors.

This bill therefore seeks to establish a special economic and Freeport in the Municipality of Panganiban, Province of Camarines Norte.

The primary objective of this bill is to unlock economic potential of the province to be developed into agro-industrial, commercial banking, tourist attraction or destination, investment or financial center. Moreover, the setting up of a Freeport is to enable the unloading of imported goods for transshipment or storage, repacked, sorted, mixed and subject the goods to import duties.

The establishment of the Jose Panganiban Special Economic Zone and Freeport will certainly open the floodgates of job opportunities and businesses not only to Bicolanos but also to residents of its neighboring provinces.

In view of the foregoing reasons, the approval of this important legislative measure is earnestly sought.

R. Panote
ROSEMARIE CONEJOS PANOTES
Representative
Second District, Camarines Norte

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HOUSE BILL No. 10045

Introduced by: REPRESENTATIVE ROSEMARIE CONEJOS PANOTES

AN ACT
ESTABLISHING THE JOSE PANGANIBAN SPECIAL ECONOMIC ZONE AND
FREEPORT IN THE PROVINCE OF CAMARINES NORTE, 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 "Jose Panganiban Special Economic Zone and Freeport Act."

SEC. 2. *Declaration of Policy.* — It is declared the policy of the State to encourage, promote, and accelerate the sound and balanced industrial, economic and social development of the country. The establishment of special economic zones attract legitimate and productive foreign investments in strategic locations in the country which will result in general employment, increase productivity, and per capita income thereby enhancing the quality of life of the Filipino people.

CHAPTER II
CREATION OF THE ECONOMIC ZONE AND FREEPORT

SEC. 3. *Creation of the Jose Panganiban Special Economic Zone and Freeport.* - Subject to the concurrence of the local government units (LGUs) of Jose Panganiban, there is hereby established a Special Economic Zone and Freeport which shall cover a particular land area in the Municipality of Jose Panganiban as may be determined hereinafter. Its specific metes and bounds shall be particularly defined in a presidential proclamation to be issued by the President: *Provided*, That the lands embraced therein shall be contiguous and adjacent.

SEC. 4. *Creation of the Jose Panganiban Special Economic Zone and Freeport Authority.* — There is hereby created a body corporate to be known as the "Jose Panganiban Special Economic Zone and Freeport Authority" (JPSEZFA) which shall manage and operate the Jose Panganiban Ecozone and shall be organized within one hundred eighty (180) days after the effectivity of this Act. It shall have a corporate life of fifty (50) years counted from the effectivity of this Act, unless otherwise extended by Congress.

SEC. 5. *Governing Principles.* — The JPSEZFA shall manage and operate the Jose Panganiban Ecozone under the following principles:

- (a) Within the framework and limitations of the Constitution and applicable provisions of Republic Act No. 7160 otherwise known as the Local Government Code of 1991, as amended;
- b) The Jose Panganiban Ecozone and Freeport shall have a domestic and international airport and be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist, banking, financial, and investment center. It shall also provide suitable residential areas within Jose Panganiban Ecozone;
- c) The Jose Panganiban Ecozone and Freeport 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 the Municipality of Jose Panganiban and its neighboring towns and cities;
- d) The Jose Panganiban Ecozone and Freeport may establish mutually beneficial economic relations with other entities or enterprise within the country and, with respect to foreign entities or enterprise, it shall be 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);
- e) Foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the Jose Panganiban Ecozone and Freeport, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade, and commerce within the Jose Panganiban Ecozone and Freeport;

The Jose Panganiban Ecozone and Freeport shall be managed and operated as a separate customs territory thereby ensuring the free flow or movement of goods and capital within, into, and out of its territory, and shall likewise provide incentives such as tax and duty-free importations of raw materials, capital and equipment to registered enterprises located therein, as provided under Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives For Enterprises Act".

- g) The areas comprising the Jose Panganiban Ecozone and Freeport may be expanded or reduced, when necessary, through a Presidential Proclamation issued for the purpose;
- h) Goods manufactured by a Jose Panganiban Ecozone and Freeport entities or 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 JPSEZFA together with the PEZA, the Bureau of Customs (BOC), and the DTI. However, in order to protect domestic industries, a Negative List of industries shall be drawn up and regularly updated by PEZA.

Entities or enterprises engaged in industries included in the Negative List shall not be allowed to sell their products locally; and

- i) The defense of the Jose Panganiban Ecozone and Freeport and the security of its perimeter fence shall be the responsibility of the National Government, in coordination with the JPSEZFA and the LGUs.

SEC. 6. *Development Goals of the Jose Panganiban Ecozone.* — The JPSEZFA shall include in its development goals for the Jose Panganiban Ecozone and Freeport the construction and operation of a domestic and international airport and allied businesses within the framework of national development plans, policies, and goals.

The Chairperson-Administrator shall, upon approval by the Board, submit the Jose Panganiban Ecozone and Freeport plans, programs, and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SEC. 7. *Capitalization.* — The JPSEZFA shall have an authorized capital stock of Two Billion (P2,000,000,000) no-par shares at a minimum issue of Ten pesos (P10.00) each, the majority shares of which shall be subscribed and paid for by the National Government and the LGUs embracing the JPSEZFA. The Board of Directors of the JPSEZFA 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 JPSEZFA 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 JPSEZFA.

The amount necessary to subscribe and pay for the shares of the National Government to the capital stock of the JPSEZFA shall be included in the annual General Appropriations Act. For the LGUs concerned, the funds shall be taken from their National Tax Allocation (NTA) and other local funds.

SEC. 8. *Principal Office of the JPSEZFA.* — The JPSEZFA shall maintain its principal office at the Jose Panganiban, 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 JPSEZFA.* — The JPSEZFA shall have the following powers and functions:

- a) To operate, administer, manage, and develop the Jose Panganiban Ecozone and Freeport according to the principles and provisions set forth in this Act;
- b) To register, regulate, and supervise the entities and enterprises in the Jose Panganiban Ecozone and Freeport in an efficient and decentralized manner, subject to existing laws;
- c) To coordinate with LGUs and exercise control and supervision over the development plans, activities, and operations of the Jose Panganiban Ecozone and Freeport;
- d) To undertake the establishment, construction, operation, and maintenance of public

utilities, other services, and infrastructure in the Jose Panganiban Ecozone including, but not limited to, 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, and drainage: *Provided*, That such shall be in compliance and coordination with the rules and regulations of the concerned departments and agencies;

- 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 Jose Panganiban Ecozone and Freeport, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereof;
- f) To approve plans, programs, and projects of the Jose Panganiban Ecozone and Freeport, to be submitted to the Regional Development Council for Inclusion and inputs to the overall Regional Development Plan;
- g) To raise or borrow, within the limitation provided by law, and subject to the approval of the President of the Philippines and the Monetary Board of the Bangko Sentral Ng Pilipinas (BSP), upon recommendation of the Department of Finance, 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 create, operate, or contract to operate such functional units or offices of the JPSEZFA, as it may deem necessary;
- i) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or otherwise dispose of personal and/or real property of whatever nature; sue and be sued; and otherwise carry out its functions and duties, as provided for in this Act;
- j) To issue certificates of origin for products manufactured or processed in the Jose Panganiban Ecozone, in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI and/or, the Department of Finance (DOF);
- k) 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 Jose Panganiban Ecozone and Freeport, 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 Jose Panganiban Ecozone and Freeport in the establishment of such one-stop shops;
- l) To provide internal security to the Jose Panganiban Ecozone and Freeport, in coordination with the Philippine National Police and other agencies and the affected LGU. For this purpose, the JPSEZFA shall provide and establish its own internal security and firefighting forces or hire others to provide the same;
- m) 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; and

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

SEC. 10. Board of Directors of the JPSEZFA. — The powers of the JPSEZFA shall be vested in and exercised by a Board of Directors (Board) which shall be composed of the following:

a) The Chairperson, who shall at the same time be the Administrator of the JPSEZFA;
b) A Vice-Chairperson who shall be elected from among the Members of the Board of Directors;

c) Members consisting of the following:

1) The Socioeconomic Planning Secretary or a designated representative of the National Economic and Development Authority (NEDA) as *ex officio* member;

2) The Secretary or a designated representative of the DTI as *ex officio* member;

3) The Secretary or a designated representative of the DOF as *ex officio* member;

4) One (1) representative from the Province of Camarines Norte as *ex officio* member;

5) One (1) representative from the Municipality of Jose Panganiban as *ex officio* member;

6) One (1) representative from business sector whose business is located within the legislative district covering the premises of the Jose Panganiban Ecozone and Freeport as regular member;

7) One (1) representative from the domestic investors in the Jose Panganiban Ecozone and Freeport as regular member;

8) One (1) representative from the foreign investors in the Jose Panganiban Ecozone and Freeport as regular member; and

9) One (1) representative from the workers working in the Jose Panganiban Ecozone and Freeport as a regular member.

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, their replacements shall serve only the unexpired portion of the respective terms.

Regular members shall be appointed by the President of the Philippines as a member of the Board unless he is 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 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. Unless the President 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. 11. *Organization and Personnel.* — The Board of Directors of the JPSEZFA shall provide for its organizational structure 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 JPSEZFA, 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 JPSEZFA, including all members of the Board, shall not engage directly or indirectly in partisan political activities nor take part in any election, except to vote.

No officer or employee of the JPSEZFA, subject to civil service laws and regulations, shall be removed or suspended except for cause, as provided by Civil Service Commission's laws 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 JPSEZFA in accordance with the policies of the Board;
- b) To implement internal organization of the JPSEZFA 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 recommend to the Board for its approval, policies, systems, procedures, rules and regulations that are essential to the operation of the Jose Panganiban Ecozone and Freeport;
- 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 Jose Panganiban Ecozone and Freeport; 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 JPSEZFA shall have its own internal legal counsel under the supervision of the government corporate counsel. When the exigencies of its businesses and operations demand it, the JPSEZFA may engage the services of an outside counsel either on a case to case or on a fixed retainer basis.

CHAPTER III

INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS

SEC. 14. *Investors Visa.* — Any foreign national who invests an amount of Two hundred thousand US dollars (US\$200,000.00), either in cash or equipment, in a registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign national:

- a) Must be at least eighteen (18) years of age;
 - b) Must not have been convicted by final judgment of a crime involving moral turpitude;
 - c) Must not be afflicted with any loathsome, dangerous or contagious disease;
 - d) Must not have been confined in an institution for any mental disorder or disability; and
 - e) Must be financially capable as borne out by credible and verifiable evidence.
- A foreign national may reside in the Philippines while the investment subsists.

To prove this, the foreign national shall submit an annual report in the form duly prescribed for the purpose. Should said investments be withdrawn from the Philippines, the investor's visa issued to said foreign national shall be automatically revoked.

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 Jose Panganiban Ecozone and Freeport and coordinate with the JPSEZFA for the purpose of improving ease of doing business.

SEC. 15. *Fiscal Incentives.* — Registered enterprises operating within the Jose Panganiban Ecozone may be entitled to the existing fiscal incentives provided and granted under Title XIII (Tax Incentives) of the National Internal Revenue Code of 31 1997, as amended by Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act."

SEC. 16. *Administration, Implementation and Monitoring of Incentives.* — In the interest of enhancing transparency in the management and accounting of tax incentives in the Jose Panganiban Ecozone, and ensuring the proper administration, management, enforcement, implementation and monitoring of tax incentives, the JPSEZFA shall comply with the provisions of Republic Act No. 11534, otherwise known as the "Corporate Recovery and Tax Incentives for Enterprises Act".

The BOC shall set up and establish a customs-controlled area outside the premises of the Jose Panganiban Ecozone and Freeport to facilitate payment of duties and taxes on goods entering the Philippine customs territory: *Provided*, That notwithstanding the limitations on this Act, the JPSEZFA and BOC may coordinate and jointly implement measures on border protection.

SEC. 17. *Banking Rules and Regulations.* — Banks and financial institutions to be established in the Jose Panganiban Ecozone and Freeport shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

SEC. 18. *Remittances.* — In the case of foreign investments, a duly registered entity or enterprise within the Jose Panganiban Ecozone and Freeport shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653, otherwise known as "The New Central Bank Act" as amended.

CHAPTER IV NATIONAL GOVERNMENT AND OTHER ENTITIES

Sec. 19. *General Supervision.* - For purposes of policy direction and coordination, the JPSEZFA shall be under the general supervision of the Philippine Economic Zone Authority (PEZA).

SEC. 20. *Relationship with Local Government Units.* — Except as herein provided, the LCDs comprising the Jose Panganiban Ecozone and Freeport shall retain their basic autonomy and identity. The Municipality of Jose Panganiban, Province of Camarines Norte, shall operate and function in accordance with the framework of the Constitution, Local Government Code of 1991, and this Act.

In case of any conflict among the JPSEZFA and the LCDs and the National Government on matters affecting the Jose Panganiban Ecozone and Freeport, other than national defense and security matters, the decision of the JPSEZFA shall prevail.

SEC. 21. *Audit* — Given that the national government shall subscribe to the majority shares of the capital stock of JPSEZFA, the Commission on Audit shall appoint a full-time auditor in the JPSEZFA and assign such number of personnel, as may be necessary, to assist the full-time auditor in the performance of his/her duties. The salaries and emoluments of the assigned auditor and personnel shall be in accordance with pertinent laws, rules, and regulations.

CHAPTER V MISCELLANEOUS

SEC. 22. *Interpretation and Construction.* — The powers, authorities and functions that are vested in the JPSEZFA 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 promote an efficient and effective working relationship among the JPSEZFA, the National Government and the LGUs. Any interpretation of this Act shall consider such intentions. In the event of conflict of interpretation and provided the intentions cannot be harmonized, the provisions of this Act shall be construed in favor of an interpretation that would tend to protect national security.

SEC. 23. *Applicability Cause.* — Insofar as these 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" shall likewise apply to the Jose Panganiban Ecozone and Freeport.

SEC. 24. *Implementing Rules and Regulations.* — The DTI, DOF and the NEDA shall formulate the necessary rules and regulations to implement the provisions of this Act.

SEC. 25. *Separability Cause.* — If any portion or provision of this Act is declared unconstitutional, the remainder of this Act or any provisions not affected thereby shall remain in force and effect.

SEC. 26. *Repealing Cause.* — All laws, decrees, executive orders and presidential issuances, and rules and regulations inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SEC. 27. *Effectivity.* — This Act shall take effect fifteen (15) days after its complete publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,