

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
First Regular Session
HOUSE BILL NO. 825



Introduced by Hon. Julianne L. Baronda

EXPLANATORY NOTE

This house bill proposes to create a special economic zone and free port in the City of Iloilo to be known as the Metro Iloilo Special Economic Zone (MILOECOZONE) and the MILOECOZONE Authority.

It is public knowledge that Iloilo City is a highly urbanized city located at the southern tip of Panay Island. It lies on a flat alluvial plain mostly reclaimed from swampy areas resulting from decades of urbanization. The city has a land area of 7,830 hectares. It is bordered in the north by Pavia, Oton in the west and Leganes in the northeast. It faces the Iloilo Strait and the towns of Buenavista and Jordan in the island of Guimaras.

Iloilo City functions as the regional capital and the administrative center of Western Visayas. It is an international gateway with the presence of the international airport in Santa Barbara-Cabatuan and seaport in Iloilo City. Based on the 2015 census, it has a total population of 447,992 growing annually at the rate of 1.04%. The city attracts dwellers drawn to a peaceful environment and good work-life balance. Its population continues to swell resulting from in-migration as the city continues to attract investments mostly in Information Technology - Business Process Management (IT-BPM) sector, MICE (meetings, incentives, conferences and exhibitions) activities, health and wellness, accommodation and food service activities, real estate development and other tertiary services.

If passed into law, the MILOECOZONE will serve as a critical and vital economic hub that will bring substantial economic change for the City of Iloilo, and for the entire Western Visayas through jobs generation and investments.

Based on the foregoing, the approval of this bill is earnestly sought.

Rep. Julianne "Jam" L. Baronda
District Representative
Lone District of Iloilo City

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AN ACT CREATING A SPECIAL ECONOMIC ZONE AND FREE PORT IN THE CITY OF ILOILO, CREATING FOR THIS PURPOSE THE METRO ILOILO SPECIAL ECONOMIC ZONE AND FREE PORT AUTHORITY, APPROPRIATING FUNDS THEREFORE, AND FOR OTHER PURPOSES

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

CHAPTER 1
GENERAL PROVISIONS

SECTION 1. Short Title. – This Act shall be known as the “Metro Iloilo Special 2 Economic Zone Act.”

SECTION 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

SECTION 3. Creation of the Metro Iloilo Special Economic Zone. – In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of Iloilo, there is hereby established a special economic zone, hereinafter referred to as the Metro Iloilo Special Economic Zone or MILOECOZONE. The MILOECOZONE shall cover a particular area located in the City of Iloilo, 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.

SECTION 4. Creation of the Metro Iloilo Special Economic Zone Authority. – There is hereby created a body corporate to be known as the Metro Iloilo Special Economic Zone Authority, hereinafter referred to as the MISEZA which shall manage and operate the MILOECOZONE, in accordance with the provisions of this Act. The corporate life of the MISEZA 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.

SECTION 5. Governing Principles. – The MISEZA shall manage and operate the MILOECOZONE, 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 MILOECOZONE 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 MILOECOZONE 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 Iloilo City and those in neighboring towns and cities;
- c) The MILOECOZONE 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 MILOECOZONE, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the MILOECOZONE;
- e) The MILOECOZONE 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 MILOECOZONE 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 MILOECOZONE may be expanded or reduced when necessary through a presidential proclamation issued for the said purpose. For this purpose, the MISEZA, in consultation with the LGUs, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent

to the MILOECOZONE for the following purposes: (1) consolidation of lands for zone development; (2) acquisition of right of way to the MILOECOZONE; and (3) the protection of watershed areas and natural assets valuable to the prosperity of the MILOECOZONE;

- g) Goods manufactured by a MILOECOZONE 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 MISEZA together with the PEZA, the Bureau of Customs, the Bureau of Internal Revenue, and the DTI. 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; and
- h) The defense of the MILOECOZONE and the security of its perimeter fence shall be the responsibility of the national government in coordination with the MISEZA and the concerned LGUs.

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

SECTION 7. Capitalization. – The MISEZA shall have an authorized capital stock of two billion (2,000,000,000.00) no par shares with a minimum issue of Ten pesos (Php10.00) each, the majority shares of which shall be subscribed and paid for by the national government and the LGUs embracing the MILOECOZONE. The Board of Directors of the MISEZA 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 MISEZA 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 MISEZA.

The amount necessary to subscribe and pay for the shares of the national government to the capital stock of the MISEZA 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

SECTION 8. Principal Office of the MISEZA. – The MISEZA shall maintain its principal office in the City of Iloilo but it may establish liaison offices within the Philippines as may be necessary for the proper conduct of its business

SECTION 9. Powers and Functions of the MISEZA. – The MISEZA shall have the following powers and functions:

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

- b) To register, regulate, and supervise the enterprises in the MILOECOZONE in an efficient and decentralized manner, subject to existing laws;
- c) To coordinate with LGUs and exercise general supervision over the development plans, activities, and operations of the MILOECOZONE;
- d) To regulate and undertake the establishment, construction, operation, and maintenance of public utilities, other services, and infrastructure in the MILOECOZONE 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 MILOECOZONE, 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 MILOECOZONE to be submitted to the Regional Development Council for inclusion in the regional development plan;
- g) To operate on its own, either directly or through licenses to others, tourism-related activities, including games, amusements, recreational and sports facilities, subject to the approval and supervision of the Philippine Amusement and Gaming Corporation;
- h) 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;
- i) To protect, preserve, maintain, and develop the forests, beaches, corals, and coral reefs, and maintain ecological balance within the MILOECOZONE. Notwithstanding the power of the MISEZA 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 MISEZA;
- j) To create, operate or contract to operate such functional units or offices of the MISEZA as it may deem necessary;

- k) 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;
- l) To issue certificates of origin for products manufactured or processed in MILOECOZONE in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI, and the Department of Finance (DOF);
- m) 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 MILOECOZONE, 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 MISEZA in the establishment of such one-stop shops;
- n) To ensure that the area covered by the MILOECOZONE 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 MISEZA 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 MILOECOZONE shall be borne by the national government;
- o) 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 of set forth in this Act; and
- p) 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.

SECTION 10. Board of Directors of the MISEZA. – The powers of the MISEZA 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 MISEZA;
- b) Vice-Chairperson who shall be elected from among the members of the Board of Directors;
- c) Members consisting of:
 - i) The Governor of the Province of Iloilo or a duly-authorized representative from the Provincial Government of Iloilo;
 - ii) One (1) of the mayors of the municipalities covered by the ecozone;
 - iii) One (1) representative from the investors' group; and
 - iv) One (1) representative from among the workers in the MILOECOZONE.

The Governor or the Governor's duly authorized representative and the mayors of the municipalities within the ecozone shall serve as ex officio members 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 members, 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.

SECTION 11. Organization and Personnel. – The Board of Directors of the MISEZA 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 MISEZA, 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 MISEZA, 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 MISEZA, shall be removed or suspended except for cause, as provided by civil service rules and regulations.

SECTION 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 MISEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the MISEZA 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 MILOECOZONE;
- 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 MILOECOZONE; and
- h) To perform such other duties as may be assigned by the Board or which are necessary or incidental to the office.

SECTION 13. Legal Counsel. – The MISEZA 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 MISEZA 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

SECTION 14. Investors 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 MILOECOZONE and coordinate closely with the MISEZA to facilitate the conduct of business operations.

SECTION 15. Fiscal Incentives. – Registered enterprises of the MILOECOZONE may be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the National Internal Revenue Code, as amended.

SECTION 16. Rules and Regulations Rules and Regulations Governing Banks and Other Financial Institutions. – Banks and other BSP-supervised financial institutions to be established in the MILOECOZONE shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

SECTION 17. Remittances. – In the case of foreign investments, a duly registered entity or enterprise within the MILOECOZONE 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

SECTION 18. Supervision and Control. – For purposes of policy direction and coordination, the MISEZA shall be under the direct control and supervision of the Office of the President of the Philippines.

SECTION 19. Relationship with Local Government Units. – Except as herein provided, the LGUs comprising the MILOECOZONE shall retain their basic autonomy and identity. The City of Iloilo, Province of Iloilo, 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 MISEZA, the LGUs and the national government on matters affecting the MILOECOZONE, other than national defense and security matters, the decision of the MISEZA shall prevail.

SECTION 20. Audit. – The Commission on Audit shall appoint a full-time auditor for the MISEZA 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

SECTION 21. Interpretation and Construction. – The powers, authorities and functions that are vested in the MISEZA 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 MISEZA, 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 shall protect national security.

SECTION 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 MILOECOZONE.

SECTION 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.

SECTION 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.

SECTION 25. Repealing Clause. – All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

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

Approved,