



Republic of the Philippines
House of Representatives
Quezon City, Metro Manila



Twentieth Congress
First Regular Session

HOUSE BILL NO. 2996

Introduced by Representative Carlos Andes Loria

EXPLANATORY NOTE

This bill seeks to establish a special economic zone in the City of Legazpi in the Province of Albay to be known as the Legazpi Special Economic Zone, create for the purpose the Legazpi Special Economic Zone Authority, and appropriate funds therefor.

Legazpi City, the capital of the Province of Albay and a key urban center in the Bicol Region, is strategically located as a gateway for trade, tourism, education, and services in Southern Luzon. With a population of more than 250,000 and host to the Legazpi Domestic Airport, seaports, and national government offices, Legazpi possesses immense potential for growth and development.

However, despite its strategic location and urban infrastructure, Legazpi continues to face challenges such as high poverty incidence, limited industrial diversification, and vulnerability to climate-related disasters. The city's development is further constrained by underinvestment in key sectors and limited mechanisms for coordinating inclusive, resilient, and innovation-driven growth.

The proposed Special Economic Zone aims to accelerate Legazpi's economic transformation by providing a robust legal and institutional framework for promoting investment, creating employment, developing infrastructure, and supporting sustainable and disaster-resilient urbanization.

While the Legazpi Special Economic Zone Authority is responsible for coordinating inter-agency efforts, facilitating ease of doing business, regulating development activities, and extending fiscal and non-fiscal incentives to qualified enterprises.

By leveraging Legazpi's strategic assets and addressing persistent socio-economic challenges, this measure seeks to make the city a model for inclusive and climate-resilient growth in Southern Luzon and the entire country.

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


CARLOS ANDES LORIA



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AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF
LEGAZPI IN THE PROVINCE OF ALBAY TO BE KNOWN AS THE
LEGAZPI SPECIAL ECONOMIC ZONE, CREATING FOR THE
PURPOSE THE LEGAZPI SPECIAL ECONOMIC ZONE AUTHORITY,
AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER I
GENERAL PROVISIONS

SECTION 1. *Short Title.* — This Act shall be known as the "*Legazpi Special Economic Zone Act.*"

SEC. 2. *Declaration of Policy.* — It is the declared policy of the State to promote sustainable, inclusive, and innovation-driven development by accelerating economic transformation in urban areas with strategic potential. Towards this end, the State supports the establishment of special economic

zones to stimulate economic growth, attract investments, generate employment, accelerate ecological rehabilitation, enhance productivity, and improve the quality of life of the people.

CHAPTER II

CREATION OF THE SPECIAL ECONOMIC ZONE

SEC. 3. *Legazpi Special Economic Zone.* — In accordance with the declared policy and subject to the concurrence of the concerned local government units (LGUs) of Albay, the City of Legazpi, Province of Albay, is established as a special economic zone to known as the Legazpi Special Economic Zone, hereinafter referred to as the “*Legazpi Economic Zone.*” The metes and bounds of the Legazpi Economic Zone, which must be contiguous, shall be defined in a presidential proclamation.

SEC. 4. *Legazpi Special Economic Zone Authority.* — The Legazpi Special Economic Zone Authority, hereinafter referred to as the “*Authority,*” is created to manage and operate the Legazpi Economic Zone. The Authority shall be organized within one hundred eighty (180) days from the effectivity of this Act and its corporate life is fifty (50) years from its organization, unless extended by Congress.

SEC. 5. *Governing Principles.* — The Authority shall manage and operate the Legazpi Economic Zone under the following principles:

- a. Within the framework and limitations of the Constitution and applicable provisions of Republic Act No. 7160, as amended,

- otherwise known as the "*Local Government Code*," the Legazpi Economic Zone 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 Legazpi Economic Zone 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 Legazpi and those in neighboring towns and cities;
 - c. The Legazpi Economic Zone 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, Philippine Economic Zone Authority (PEZA), and 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 Legazpi Economic Zone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Legazpi Economic Zone;

- e. The Legazpi Economic Zone 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 may provide incentives, subject to Title XIII of the National Internal Revenue Code, as amended.
- f. The areas comprising the Legazpi Economic Zone may be expanded or reduced, when necessary, through a presidential proclamation. For this purpose, the Authority, in consultation with the LGU, is authorized to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Legazpi Economic Zone for the following:
 - 1. Consolidation of lands for zone development;
 - 2. Acquisition of right of way to the Legazpi Economic Zone; and
 - 3. Protection of watershed areas and natural assets valuable to the prosperity of the Legazpi Economic Zone.
- g. Goods manufactured by a Legazpi Economic Zone 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 Authority together with the PEZA, Bureau of Customs, Bureau of Internal Revenue, and 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 the Negative List shall not be allowed to sell their products locally; and

- h. The defense of the Legazpi Economic Zone and the security of its perimeter fence shall be the responsibility of the national government in coordination with the Authority and the concerned LGUs.

SEC. 6. ***Development Goals.*** — The Authority shall determine the development goals of the Legazpi Economic Zone within the framework of national development plans, policies, and goals. The Chairperson-Administrator, upon approval by the Board of the Authority, shall submit the Legazpi Economic Zone's plans, programs, and projects to the Regional Development Council for inclusion in the regional development plan.

SEC. 7. ***Capitalization.*** — The Authority shall have an authorized capital stock of Two billion pesos (P2,000,000,000.00) no-par shares, with a minimum issue value of Ten pesos (P10.00) each. The majority of these shares shall be subscribed and paid for by the national government, city government of Legazpi and provincial government of Albay.

The Board of Directors of the Authority may, with the written concurrence of the Secretary of Finance, sell shares representing not more than forty percent (40%) of the capital stock of the Authority to the general public, under such policies as may be jointly determined by the Board and the

Secretary of Finance. The national government and the LGUs shall, in no case, own less than sixty percent (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 General Appropriations Act.

For the LGUs concerned, their share in the capitalization shall be sourced from their respective development funds or other lawful sources, subject to applicable budgeting, accounting, and auditing rules and regulations.

SEC. 8. *Principal Office.* — The Authority shall maintain its principal office in Legazpi, Albay, but may establish liaison offices elsewhere.

CHAPTER III POWERS, FUNCTIONS, AND STRUCTURE

SEC. 9. *Powers and Functions.* — The Authority shall:

- a. Operate, administer, manage, and develop the Legazpi Economic Zone according to the principles and provisions set forth in this Act;
- b. Register, regulate, and supervise the enterprises in the Legazpi Economic Zone in an efficient and decentralized manner, subject to existing laws;
- c. Coordinate with the LGU and exercise general supervision over the development plans, activities, and operations of the Legazpi Economic Zone;

- d. Regulate and undertake the establishment, construction, operation, and maintenance of public utilities, other services, and infrastructure in the Legazpi Economic Zone 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. 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 authorized under 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 Legazpi Economic Zone, in coordination with the appropriate national and local government authorities and in conformity with applicable laws;

- f. Approve plans, programs, and projects of the Legazpi Economic Zone to be submitted to the Regional Development Council for inclusion in the regional development plan;
- g. 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. 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, issue bonds, promissory notes, and other forms of securities, and secure the same by a guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its property or assets;
- i. Protect, preserve, maintain, and develop the forests, beaches, corals and coral reefs, and maintain ecological balance within the Legazpi Economic Zone. Notwithstanding the power of the Authority to create rules for the 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 Authority;

- j. Create, operate or contract to operate such functional units or offices of the Authority as it may deem necessary;
- k. 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. Issue certificates of origin for products manufactured or processed in the Legazpi Economic Zone in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI, and the Department of Finance (DOF);
- m. 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 Legazpi Economic Zone, 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 Authority in the establishment of such one-stop shops;

- n. Ensure that the area covered by the Legazpi Economic Zone 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 Authority except to provide the necessary security and defense, or law enforcement assistance, as the case may be: *Provided*, That expenses of the AFP or the PNP in the Legazpi Economic Zone shall be borne by the national government;
- o. 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
- p. Exercise such powers as may be essential, necessary or incidental to carry out, implement and accomplish the purposes, objectives and policies set forth in this Act.

SEC. 10. ***Board of Directors.*** — The Authority is governed by a Board of Directors composed of:

- a. Administrator as Chairperson; and
- b. Governor of the Province of Albay or authorized representative;
- c. Mayor of the City of Legazpi;
- d. Representative of investors; and
- e. Representative of local labor or fisherfolk sector, as members.

The Governor or the Governor's duly authorized representative and the mayor of the City of Legazpi 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 *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 the existing rules and regulations: *Provided*, That the total per diem allowance collected each month shall not exceed the equivalent of four (4) meetings: *Provided further*, That unless and until the President of the Philippines has fixed a

higher rate for the per diem allowance for the members of the Board, the allowance shall not be more than Ten thousand pesos (Php10,000.00) for every Board meeting.

SEC. 11. ***Organization and Personnel.*** — The Board of Directors shall provide for the organization and staff of the Authority. The Board shall, likewise, appoint and fix the remuneration and other emoluments of its officers and employees in accordance with the 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 Authority, 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 Authority, 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 Authority, shall be removed or suspended except for cause, as provided by civil service rules and regulations.

SEC. 12. ***Powers of the Chairperson-Administrator.*** — The Chairperson-Administrator shall have the following powers and duties:

- a. Direct and manage the affairs of the Authority in accordance with the policies of the Board;

- b. Establish the internal organization of the Authority under such conditions that the Board may prescribe;
- c. Submit an annual budget and necessary supplemental budget to the Board for its approval;
- d. 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. Submit to the Board for its approval, policies, systems, procedures, rules, and regulations that are essential to the operation of the Legazpi Economic Zone;
- f. 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. Create a mechanism in coordination with relevant agencies for the promotion of industrial peace, protection of the environment, and the advancement of the quality of life in the Legazpi Economic Zone; and
- h. 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 Authority 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, the

Authority may engage the services of an outside counsel either on a case to case or fixed retainer basis.

CHAPTER IV INCENTIVES TO ENTERPRISES AND INVESTORS

SEC. 14. *Investor's Visa.* — Any foreign national who invests an amount of Two hundred thousand US dollars (US\$200,000.00) in a registered enterprise, either in cash or equipment, is 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 is entitled to reside in the Philippines while the investment subsists. The alien investor shall submit an annual report to prove that the investment in the country subsists. If the alien investor withdraws the investments from the Philippines, the investor's visa 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 expedite the processing of such visas and permits for workers in the Legazpi Economic Zone and coordinate closely with the Authority.

SEC. 15. ***Fiscal Incentives.*** — Registered enterprises are entitled to fiscal incentives under Title XIII of the National Internal Revenue Code, as amended.

SEC. 16. ***Banking Rules.*** — Banks and financial institutions in the Legazpi Economic Zone shall be supervised by the Bangko Sentral ng Pilipinas, subject to existing banking laws, rules and regulations.

SEC. 17. ***Remittances.*** — In the case of foreign investments, a duly registered entity or enterprise within the Legazpi Economic Zone 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, or the “*New Central Bank Act*,” as amended.

CHAPTER V NATIONAL GOVERNMENT AND LOCAL RELATIONS

SEC. 18. ***Supervision.*** — The Authority shall be under the direct supervision of the Office of the President.

SEC. 19. *Relationship with LGUs.* — Except as herein provided, the barangays comprising the Legazpi Economic Zone shall retain their basic autonomy and identity. The City of Legazpi 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 Authority, the LGU, and the national government on matters affecting the Legazpi Economic Zone, other than national defense and security matters, the decision of the Authority shall prevail.

SEC. 20. *Audit.* — The Commission on Audit shall assign a full-time auditor to the Authority.

CHAPTER VI MISCELLANEOUS PROVISIONS

SEC. 21. *Interpretation.* — The powers, authorities, and functions vested in the Authority are intended to establish national self-sufficiency, promote national integrity, decentralize governmental authority, and foster effective relations among the Authority, national government, and LGU. Any conflict in interpretation shall be resolved in favor of national security and sustainable development.

SEC. 22. *Applicability.* — Insofar as consistent with this Act, the provisions of Republic Act No. 7916, as amended, otherwise known as “*The*

Special Economic Zone Act of 1995,” shall apply to the Legazpi Economic Zone, including the benefits and incentives to enterprises.

SEC. 23. ***Implementing Rules and Regulations.*** — Within sixty (60) days from effectivity of this Act, the Secretary of Trade and Industry shall, in consultation with the Secretaries of Economy, Planning, and Development and Finance, promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 24. ***Separability Clause.*** — If any provision of this Act is declared unconstitutional or invalid, the remaining provisions not affected shall remain in full force and effect.

SEC. 25. ***Repealing Clause.*** — All laws, executive orders, issuances, rules, and regulations, or parts thereof, inconsistent with the provisions of this Act are repealed or modified accordingly.

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

Approved,