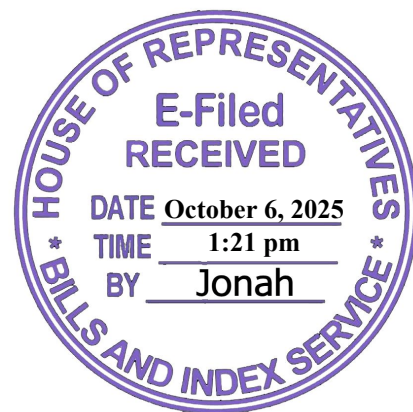




Republic of the Philippines
House of Representatives
Quezon City, Metro Manila

Twentieth Congress
First Regular Session

HOUSE BILL NO. 5151



Introduced by Representative Yedda Marie K. Romualdez

AN ACT
CONVERTING AND EXPANDING THE LEYTE INDUSTRIAL
DEVELOPMENT ESTATE INTO THE LEYTE ECOLOGICAL
INDUSTRIAL ZONE, CREATING FOR THIS PURPOSE THE LEYTE
ECOLOGICAL INDUSTRIAL ZONE AUTHORITY, AND
APPROPRIATING FUNDS THEREFOR

EXPLANATORY NOTE

Under Section 20, Article II of the 1987 Constitution, the State is mandated to recognize the indispensable role of the private sector, encourage private enterprise, and provide incentives to needed investments. Further, Section 12, Article XII enables the State to promote the preferential use of Filipino labor, domestic materials and locally produced goods and adopt measures that help make them competitive.

The Leyte Industrial Development Estate (LIDE) is a 425-hectare special economic zone in Isabel, Leyte. Founded in 1979, it emerges as a strategic location for economic and industrial initiatives for Eastern Visayas, providing for an ideal setting for power-intensive industries.

Thus, this bill seeks to convert and expand the LIDE into Leyte Ecological Industrial Zone (LEIZ) and create the Leyte Ecological Industrial Zone Authority (LEIZA). It will not only house potential locator in the copper industry but also

other major industries in the region. It will be developed as a self-sustaining industrial, commercial, investment center, and freeport. The creation of LEIZA will also enable the exploration, development and utilization of natural resources of the area, create more employment opportunities, and encourage legitimate and productive foreign investments. Its establishment will create economic progress that will greatly benefit the residents of Leyte and the Filipino people.

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

A handwritten signature in black ink, appearing to read 'Yedda Marie K. Romualdez', positioned above the printed name.

YEDDA MARIE K. ROMUALDEZ



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*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 “Leyte Ecological Industrial Zone 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 shall

attract legitimate and productive foreign investments in strategic locations in the country. It shall generate employment and increase productivity and individual, as well as family incomes, thereby enhancing the quality of life of the Filipino people.

CHAPTER II

CONVERSION AND EXPANSION OF THE ECONOMIC ZONE

SEC. 3. *Conversion of the Leyte Industrial Development Estate.* – The Leyte Industrial Development Estate (LIDE) located in the municipality of Isabel, Province of Leyte is hereby converted into a special economic zone, consisting of an industrial estate (IE), export processing zone (EPZ) and free trade zone to be known as the Leyte Ecological Industrial Zone, hereafter referred to as LEIZ.

SEC. 4. *Expansion of the LEIZ.* – Subject to the concurrence of the affected local government units of Leyte, the LEIZ shall be expanded to cover the following areas:

- (a) The land area that comprises the former Leyte Industrial Development Estate, hereinafter referred to as the “LEIZ Core Area”;
- (b) The land areas located within municipalities adjacent to the Municipality of Isabel and the Municipality of Merida, Province of Leyte and the City of Ormoc, hereinafter referred to as the “LEIZ Non-Core Areas”; and
- (c) The land area covered by the Eastern Visayas Regional Growth Center, hereinafter referred to as the “LEIZ Tacloban North.”

The areas comprising the LEIZ may be expanded or reduced when necessary. For this purpose, the LEIZA, with the concurrence of the appropriate and affected local government units (LGUs) and the agreement of appropriate national government agencies, government-owned and -controlled corporations and instrumentalities, and the approval of the LEIZA Board in accordance and in compliance with existing laws and local ordinances shall have the power to acquire, procure, or expand either by purchase, negotiation, condemnation proceedings, or any other arrangement, any private or alienable and disposable public lands and their respective water territories within the territorial jurisdiction of the Province of Leyte.

The metes and bounds of the LEIZ Core Area, the LEIZ Non-Core Areas and the LEIZ Tacloban North shall be based on the technical description and coordinates verified and approved by the Land Management Bureau, the National Mapping and Resource Information Authority, and other government agencies as may be provided by law.

In the event that the LEIZ Non-Core Area or the LEIZ Expansion Areas cover economic zones of other investment promotion agencies, registered enterprises in such economic zones may elect to register with the Leyte Ecological Industrial Zone Authority (LEIZA) or to remain with such other investment promotion agency: *Provided*, That in no case shall a registered enterprise enjoy incentives from both investment promotion agencies.

SEC. 5. *Governing Principles.* – The LEIZ shall be managed and operated by the Leyte Ecological Industrial Zone Authority, hereafter referred to as the LEIZA, under the following principles:

- (a) Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the LEIZ shall be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial and trading, agro-industrial, tourist, banking, financial and investment center with suitable residential areas;
- (b) The LEIZ shall be provided with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of Leyte and its neighboring towns and cities;
- (c) The LEIZ 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 (DFA), 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 LEIZ, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the LEIZ;
- (e) The LEIZ 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 of 1997, as amended. However, exportation or removal of goods from the territory of the LEIZ 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) Goods manufactured by a LEIZ 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 LEIZA together with the PEZA, the Bureau of Customs (BOC), 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 PEZA. Enterprises engaged in industries included in such negative list shall not be allowed to sell their products locally;

(g) The defense of the LEIZ and the security of its perimeter shall be the responsibility of the national government in coordination with the LEIZA and the LGUs.

CHAPTER III

GOVERNING STRUCTURES

SEC. 6. *Creation of the Leyte Ecological Industrial Zone Authority (LEIZA).* – There is hereby created a body corporate to be known as the “Leyte Ecological Industrial Zone Authority”, hereinafter referred to as the LEIZA, which shall manage and operate the Leyte Ecological Industrial Zone, in accordance with the provisions of this Act. This corporate franchise shall expire in fifty (50) years counted from the first year after the effectivity of this Act, unless otherwise extended

by Congress. It shall be organized within one hundred eighty (180) days after the effectivity of this Act.

SEC. 7. *Capitalization.* – The LEIZA shall have an authorized capital stock of Two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00) each, the majority shares of which shall be subscribed and paid for by the National Government and the LGUs embracing the LEIZ. The Board of Directors of the LEIZA 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 LEIZA 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 LEIZA.

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

SEC. 8. *Principal Office of the LEIZA.* – The LEIZA shall maintain its principal office in Tacloban City, but it may establish offices within the Philippines as may be necessary for the proper conduct of its business.

SEC. 9. *Powers and Functions of the LEIZA.* – The LEIZA shall have the following powers and functions:

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

- (b) To register, regulate and supervise the enterprises in the LEIZ 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 LEIZ;
- (d) To regulate and undertake the establishment, construction, operation and maintenance of public utilities, other services, and infrastructure in the LEIZ 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 (CAAP), 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 LEIZ, 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 LEIZ to be submitted to the Regional Development Council (RDC) for inclusion and inputs to the overall 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 (PAGCOR);
- (h) To raise or borrow, within the limitation provided by law, and subject to the approval or opinion 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, coral and coral reefs, and maintain ecological balance within the LEIZ. Notwithstanding the power of the LEIZA to create rules for such purpose, the rules and regulations of the Department of Environment and Natural Resources (DENR) and other government agencies involved in the above functions shall be implemented by the LEIZA;
- (j) To create, operate or contract to operate such functional units or offices of the LEIZA as it may deem necessary;
- (k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own or otherwise dispose of personal and 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 the LEIZ 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 LEIZ, 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 LEIZA in the establishment of such one-stop shops;
- (n) To provide internal security to the LEIZ in coordination with the National Government and affected LGU. For this purpose, the LEIZA shall provide and establish its own internal security and firefighting forces or hire others to provide the same. Military forces deployed to the LEIZ by the National Government for the purpose of defense in times of aggression, terrorism, insurgency, rebellion and similar acts shall not interfere in the internal affairs of the LEIZ and expenditures for these military forces 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 hereunder, as well as those that shall enable it to carry out, implement and accomplish the purposes, objectives and policies of 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.

SEC. 10. *Board of Directors of the LEIZA.* – The powers of the LEIZA 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) The Chairperson, who shall at the same time be the administrator of the LEIZA;
- (b) Four members consisting of:
 - (1) The Governor or a duly-authorized representative from the Provincial Government of Leyte;
 - (2) The mayor of the municipality covered by the ecozone;
 - (3) One (1) representative from the investor's group; and
 - (4) One (1) representative from among the workers in the LEIZ.

The Vice-Chairperson shall be selected from among the members of the Board.

The Governor or his representative and the Mayor of the municipality covered by the ecozone shall serve as *ex-officio* Board members, and their respective terms of office in the Board shall correspond to their incumbency as elected officials.

The Chairperson-Administrator and the members of the Board, except 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.

The Chairperson-Administrator must be 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 in the field of management or public administration.

The members of the Board, except the *ex-officio* members, 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 and until the President of the Philippines has fixed a higher amount of *per diem*, the members of the Board shall receive *per diem* of 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 LEIZA 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 system. The Board shall have exclusive and final authority to promote, transfer, assign, reassign, or remove officers of the LEIZA, any provision of existing law to the contrary notwithstanding. The Chairperson-Administrator shall carry out the decisions of the Board.

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

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 LEIZA in accordance with the policies of the Board;
- (b) To establish the internal organization of the LEIZA 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 LEIZ;
- (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 LEIZ; 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 LEIZA shall have its own internal legal counsel under the supervision of the Government Corporate Counsel. When the exigencies of businesses and operations demand it, the LEIZA may engage the services of an outside counsel either on a case to case or fixed retainer basis.

CHAPTER IV 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 and/or equipment, in a registered enterprise 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 loathsome, dangerous or contagious disease;
- (d) Must not have been institutionalized for any mental disorder or disability; and
- (e) Must establish his financial capability and capacity through verifiable and credible 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 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 LEIZ and coordinate with the LEIZA for the purpose of improving ease of doing business.

SEC. 15. *Fiscal Incentives.* – Registered enterprises of the LEIZ may be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997, as amended.

SEC. 16. *Banking Rules and Regulations.* – Banks and financial institutions to be established in the LEIZ shall be under the supervision of the BSP and 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 LEIZ 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 V

NATIONAL GOVERNMENT AND OTHER ENTITIES

SEC. 18. *Supervision and Control.* – For purposes of policy direction and coordination, the LEIZA shall be under the direct control and supervision of the Office of the President of the Philippines: *Provided*, That the grant of fiscal incentives shall be subject to the provisions of Title XIII of the National Internal Revenue Code of 1997, as amended.

SEC. 19. *Development Goals of the LEIZ.* – The LEIZA shall determine the development goals of the LEIZ within the framework of national development plans, policies and goals. The Chairperson-Administrator shall, upon approval by the Board, submit the LEIZ plans, programs and projects to the RDC for inclusion and inputs to the overall regional development plan.

SEC. 20. *Relationship with Local Government Units.* – Except as herein provided, the LGUs comprising the LEIZ shall retain their basic autonomy and identity. They 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 LEIZA, the LGUs and the National Government on matters affecting the LEIZ, other than national defense and security matters, the decision of the LEIZA shall prevail.

SEC. 21. *Audit.* – The Commission on Audit (COA) shall appoint a full-time auditor in the LEIZA or may assign such number of personnel as may be necessary in the performance of their functions.

CHAPTER VI MISCELLANEOUS

SEC. 22. *Interpretation/Construction.* – The powers, authorities and functions that are vested in the LEIZA are intended to establish national self-sufficiency and self-reliance in the advancement 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 LEIZA, 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 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 LEIZ.

SEC. 24. *Transitory Provisions.* – All properties, assets, funds, rights, obligations, and liabilities of LIDE are hereby transferred to the LEIZA except for the liabilities that are not properly accounted for as per the reports coming from the Commission on Audit, which shall be retained by the National Development Company.

The LEIZA shall carry out the transfer herein provided in a manner that will ensure the least disruption of ongoing operations of the LIDE. The qualified and necessary personnel of the LIDE shall be transferred to and absorbed by the LEIZA: *Provided*, That the tenure, rank, salaries and privileges of such personnel are not reduced or adversely affected. The personnel whose services are not retained by the LEIZA shall be granted separation pay and retirement and other benefits they are entitled to under existing laws, rules and regulations.

In the period prior to the actual assumption of duties by the LEIZA, all officers and employees of the LIDE shall continue to exercise their functions and discharge their duties and responsibilities. The LIDE shall be deemed abolished upon the organization of LEIZA.

SEC. 25. *Implementing Rules and Regulations.* – The National Economic and Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate the implementing rules and regulations of this Act within ninety (90) days after its approval.

SEC. 26. *Separability Clause.* – If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 27. *Repealing Clause.* – All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

SEC. 28. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,