



HOUSE OF REPRESENTATIVES

H. No. 10243

BY REPRESENTATIVES GASATAYA, GARIN (S.), TIANGCO, SALCEDA, YAP (E.), GATCHALIAN, VERGARA, HARESCO, CUA, NOGRALES (J.J.), SUANSING (E.), BENITEZ, ALBANO (A.), AUMENTADO, DE JESUS, CHATTO, QUIMBO, DEL MAR, ESPINA, SANGCOPAN, GORRICETA, PADIERNOS, TAN (A.S.), BARONDA, GO (M.), SUNTAY, REYES, COLLANTES, BABASA, ZUBIRI, BIRON, SINGSON-MEEHAN, GARCIA (J.E.), CASTRO (F.L.), VILLAR, ALVAREZ (F.), OUANO-DIZON, TY (A.), DUAVIT, CAMPOS, SAGARBARRIA, LOPEZ, CUEVA, REVILLA, KHO (E.), OLIVAREZ, MARTINEZ, MATUGAS, PACQUIAO (R.), PANOTES, CALIXTO, ESPINO, GARBIN, UNABIA, VILLA, BAÑAS-NOGRALES, CANAMA, MERCADO, TAN-TAMBUT, BORDADO, TAN (A.), TAMBUNTING, MANGAOANG, RODRIGUEZ, CRISOLOGO, NIETO, VIOLAGO, DAGOOC, DELOSO-MONTALLA, ONG (J.), GERON, FUENTEBELLA, SUANSING (H.), ONG (R.), ESCUDERO, ARENAS, BASCUG AND LEGARDA, PER COMMITTEE REPORT NO. 1231

AN ACT

ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF BACOLOD, PROVINCE OF NEGROS OCCIDENTAL, CREATING FOR THE PURPOSE THE BACOLOD SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

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

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2

CHAPTER I GENERAL PROVISIONS

SECTION 1. *Short Title.* – This Act shall be known as the “Bacolod Special Economic 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, 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

SEC. 3. *Creation of the Bacolod Special Economic Zone.* – In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government unit (LGUs) of Negros Occidental, there is hereby established a special economic zone, hereinafter referred to as the Bacolod Special Economic Zone or Bacolod Ecozone. The Bacolod Ecozone shall cover a particular area located in the City of Bacolod, Province of Negros Occidental, 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.

SEC. 4. *Creation of the Bacolod Special Economic Zone Authority.* – There is hereby created a body corporate to be known as the Bacolod Special Economic Zone Authority, hereinafter referred to as the BSEZA which shall manage and operate the Bacolod Ecozone, in accordance with the provisions of this Act. The corporate life of the BSEZA 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. 5. *Governing Principles.* – The BSEZA shall manage and operate the Bacolod Ecozone, 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 Bacolod Ecozone shall be developed into and operated as a decentralized, self-reliant and

1 self-sustaining industrial, commercial, trading, agro-industrial, tourist, banking,
2 financial, and investment center with suitable residential areas;

3
4 b) The Bacolod Ecozone shall be equipped with transportation, telecommunications,
5 and other facilities needed to attract legitimate and productive investments, generate
6 linkage industries and employment opportunities for the people of Bacolod City and
7 those in neighboring towns and cities;

8
9 c) The Bacolod Ecozone may establish mutually beneficial economic relations with
10 other entities or enterprises within the country or, subject to the administrative
11 guidance of the Department of Foreign Affairs, the Philippine Economic Zone
12 Authority (PEZA), and the Department of Trade and Industry (DTI), with foreign
13 entities or enterprises;

14
15 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may
16 set up enterprises in the Bacolod Ecozone, either by themselves or in a joint venture
17 with Filipinos in any sector of industry, international trade and commerce within the
18 Bacolod Ecozone;

19
20 e) The Bacolod Ecozone shall be managed and operated as a separate customs
21 territory thereby ensuring the free flow or movement of goods and capital within, into
22 and out of its territory, and shall likewise provide incentives subject to Title XIII of the
23 National Internal Revenue Code, as amended. However, exportation or removal of
24 goods from the territory of the Bacolod Ecozone to the other parts of the Philippine
25 territory shall be subject to customs duties and taxes under Republic Act No. 10863,
26 otherwise known as the "Customs Modernization and Tariff Act" and other relevant
27 tax laws of the Philippines;

28
29 f) The areas comprising the Bacolod Ecozone may be expanded or reduced when
30 necessary through a presidential proclamation issued for the said purpose. For this
31 purpose, the BSEZA, in consultation with the LGU, shall have the power to acquire
32 either by purchase, negotiation or condemnation proceedings, any private land
33 within or adjacent to the Bacolod Ecozone for the following purposes: (1)
34 consolidation of lands for zone development; (2) acquisition of right of way to the
35 Bacolod Ecozone; and (3) the protection of watershed areas and natural assets
36 valuable to the prosperity of the Bacolod Ecozone;

1 g) Goods manufactured by a Bacolod Ecozone enterprise shall be made available for
2 immediate retail sale in the domestic market, subject to the payment of
3 corresponding taxes on raw materials and other regulations that may be formulated
4 by the BSEZA together with the PEZA, the Bureau of Customs, the Bureau of Internal
5 Revenue, and the DTI. However, in order to protect domestic industries, a Negative
6 List of industries shall be drawn up and regularly updated by the PEZA. Enterprises
7 engaged in industries included in such Negative List shall not be allowed to sell their
8 products locally; and

9 h) The defense of the Bacolod Ecozone and the security of its perimeter fence shall be
10 the responsibility of the national government in coordination with the BSEZA and the
11 concerned LGUs.
12

13 **SEC. 6. *Development Goals of the Bacolod Ecozone.*** – The BSEZA shall
14 determine the development goals of the Bacolod Ecozone within the framework of national
15 development plans, policies, and goals. The Chairperson-Administrator shall, upon
16 approval by the Board of BSEZA, submit Bacolod Ecozone plans, programs, and projects
17 to the Regional Development Council for inclusion in the regional development plan.
18

19 **SEC. 7. *Capitalization.*** – The BSEZA shall have an authorized capital stock of two
20 billion (2,000,000,000.00) no par shares with a minimum issue of Ten pesos (Php10.00)
21 each, the majority shares of which shall be subscribed and paid for by the national
22 government and the LGU embracing the Bacolod Ecozone. The Board of Directors of the
23 BSEZA may, with the written concurrence of the Secretary of Finance, sell shares
24 representing not more than forty *per centum* (40%) of the capital stock of the BSEZA to
25 the general public under such policy as the Board and the Secretary of Finance may
26 determine. The national government and the LGU shall in no case own less than sixty *per*
27 *centum* (60%) of the total issued and outstanding capital of the BSEZA.
28

29 The amount necessary to subscribe and pay for the shares of the national
30 government to the capital stock of the BSEZA shall be included in the General
31 Appropriations Act. For the LGUs concerned, the funds shall be taken from their internal
32 revenue allotment and other local funds.
33

34 **SEC. 8. *Principal Office of the BSEZA.*** – The BSEZA shall maintain its principal
35 office in the City of Bacolod, Province of Negros Occidental, but it may establish liaison
36 offices within the Philippines as may be necessary for the proper conduct of its business.

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

- 3
- 4 a) To operate, administer, manage, and develop the Bacolod Ecozone according to the
5 principles and provisions set forth in this Act;
- 6
- 7 b) To register, regulate, and supervise the enterprises in the Bacolod Ecozone in an
8 efficient and decentralized manner, subject to existing laws;
- 9
- 10 c) To coordinate with the LGU and exercise general supervision over the development
11 plans, activities, and operations of the Bacolod Ecozone;
- 12
- 13 d) To regulate and undertake the establishment, construction, operation, and
14 maintenance of public utilities, other services, and infrastructure in the Bacolod
15 Ecozone such as light and power, shipping, barging, stevedoring, cargo handling,
16 hauling, warehousing, storage of cargo, port services or concessions, piers,
17 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
18 telecommunications, transport, bridges, terminals, conveyors, water supply and
19 storage, sewerage, drainage, airport operations in coordination with the Civil Aviation
20 Authority of the Philippines, and such other services or concessions or infrastructure
21 necessary or incidental to the accomplishment of the objectives of this Act;
- 22
- 23 e) To construct, acquire, own, lease, operate, and maintain on its own or through
24 contracts, franchise, licenses, bulk purchase from the private sector or permits under
25 any of the schemes allowed in Republic Act No. 6957, otherwise known as the “Build-
26 Operate-Transfer Law”, as amended, or joint venture, adequate facilities and
27 infrastructure required or needed for the operation and development of the Bacolod
28 Ecozone, in coordination with appropriate national and local government authorities
29 and in conformity with applicable laws thereon;
- 30
- 31 f) To approve plans, programs, and projects of the Bacolod Ecozone to be submitted
32 to the Regional Development Council for inclusion in the regional development plan;
- 33
- 34 g) To operate on its own, either directly or through licenses to others, tourism-related
35 activities, including games, amusements, recreational and sports facilities, subject
36 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 Bacolod Ecozone. Notwithstanding the power of the BSEZA 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 BSEZA;
- j) To create, operate or contract to operate such functional units or offices of the BSEZA 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 the Bacolod Ecozone 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 Bacolod Ecozone, 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 BSEZA in the establishment of such one-stop shops;
- n) To ensure that the area covered by the Bacolod Ecozone 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 BSEZA except to provide

1 the necessary security and defense, or law enforcement assistance, as the case
2 may be: *Provided, finally*, That expenses of the AFP or the PNP in the Bacolod
3 Ecozone shall be borne by the national government;

4
5 o) To exercise such powers as may be essential, necessary or incidental to the powers
6 granted to it by this Act, as well as those that shall enable it to carry out, implement
7 and accomplish the purposes, objectives and policies set forth in this Act; and

8
9 p) To issue rules and regulations consistent with the provisions of this Act as may be
10 necessary to accomplish and implement the purposes, objectives, and policies
11 provided herein.

12
13 **SEC. 10. Board of Directors of the BSEZA.** – The powers of the BSEZA shall be
14 vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
15 which shall be composed of the following:

- 16
17 a) A Chairperson, who shall at the same time be the administrator of the BSEZA;
18 b) A Vice-Chairperson who shall be elected from among the members of the Board of
19 Directors;
20 c) Members consisting of:
21 1) The Governor of the Province of Negros Occidental or a duly-authorized
22 representative from the Provincial Government of Negros Occidental;
23 2) One (1) of the mayors of the municipalities covered by the ecozone;
24 3) One (1) representative from the investors' group; and
25 4) One (1) representative from among the workers in the Bacolod Ecozone.

26
27 The Governor or the Governor's duly authorized representative and the mayors of
28 the municipalities within the ecozone shall serve as *ex officio* members of the Board,
29 whose terms in the Board shall correspond to their terms as elected officials.

30
31 The Chairperson-Administrator and the members of the Board, except for the
32 representatives of the investors and workers groups and the *ex officio* members, shall be
33 appointed by the President of the Philippines to serve for a term of six (6) years, unless
34 sooner separated from service due to death, voluntary resignation or removal for cause.
35 In case of death, resignation or removal for cause, their replacements shall serve only the
36 unexpired portion of the respective terms. No person shall be appointed as a member of
37 the Board unless the person is a Filipino citizen, of good moral character, of proven probity

1 and integrity, and a degree holder in any of the following fields: economics, business,
2 public administration, law, management or their equivalent, and with at least ten (10) years
3 relevant working experience, preferably in the field of management or public
4 administration.

5
6 The members of the Board, except the *ex officio* members, shall each receive *per*
7 *diem* allowance at rates to be determined by the Department of Budget and Management
8 in accordance with existing rules and regulations: *Provided, however,* That the total *per*
9 *diem* allowance collected each month shall not exceed the equivalent of four (4) meetings
10 unless and until the President of the Philippines has fixed a higher rate for the *per diem*
11 allowance for the members of the Board, such allowance shall not be more than Ten
12 thousand pesos (Php10,000.00) for every Board meeting.

13
14 **SEC. 11. Organization and Personnel.** – The Board of Directors of the BSEZA
15 shall provide for its organization and staff. The Board shall appoint and fix the
16 remuneration and other emoluments of its officers and employees in accordance with
17 existing laws on compensation and position classification. The Board shall have exclusive
18 and final authority to promote, transfer, assign, reassign, or remove officers of the BSEZA,
19 any provision of existing law to the contrary notwithstanding. The Chairperson-
20 Administrator shall execute the decisions of the Board.

21
22 The officers and employees of the BSEZA, including all members of the Board,
23 shall not engage directly or indirectly in partisan activities nor take part in any election,
24 except to vote.

25
26 No officer or employee of the BSEZA, shall be removed or suspended except for
27 cause, as provided by civil service rules and regulations.

28 **SEC. 12. Powers and Duties of the Director-General.** – The Chairperson-
29 Administrator shall have the following powers and duties:

- 30
- 31 a) To direct and manage the affairs of the BSEZA in accordance with the policies of
32 the Board;
 - 33
 - 34 b) To establish the internal organization of the BSEZA under such conditions that the
35 Board may prescribe;

- 1 c) To submit an annual budget and necessary supplemental budget to the Board for
2 its approval;
3
- 4 d) To submit within thirty (30) days after the close of each fiscal year an annual report
5 to the Board and such other reports as may be required;
6
- 7 e) To submit to the Board for its approval, policies, systems, procedures, rules, and
8 regulations that are essential to the operation of the Bacolod Ecozone;
9
- 10 f) To recommend to the Board the remuneration and other emoluments of its officers
11 and employees in accordance with existing laws on compensation and position
12 classification;
13
- 14 g) To create a mechanism in coordination with relevant agencies for the promotion of
15 industrial peace, the protection of the environment, and the advancement of
16 the quality of life in the Bacolod Ecozone; and
17
- 18 h) To perform such other duties as may be assigned by the Board or which are
19 necessary or incidental to the office.
20

21 **SEC. 13. *Legal Counsel.*** – The BSEZA shall have its own internal legal counsel
22 who shall be under the supervision of the Government Corporate Counsel. When the
23 exigencies of business and operations demand it, the BSEZA may engage the services of
24 an outside counsel either on a case to case or on a fixed retainer basis.
25

26 **CHAPTER III**

27 **INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS**

28

29 **SEC. 14. *Investor's Visa.*** – Any foreign national who invests an amount of Two
30 hundred thousand US dollars (US\$200,000.00) in a registered enterprise, either in cash
31 or equipment, shall be entitled to an investor's visa: *Provided*, That the foreign national
32 has the following qualifications:
33

- 34 a) Must be at least eighteen (18) years of age;
35 b) Must not have been convicted by final judgment of a crime involving moral turpitude;
36 c) Must not be afflicted with any dangerous or contagious disease;

- 1 d) Must not have been confined in an institution for any mental disorder or disability;
2 and
3 e) Must be financially capable as borne out by credible and verifiable evidence.
4

5 With an investor's visa, an alien shall be entitled to reside in the Philippines while
6 the investment subsists. The alien investor shall submit an annual report in the form duly
7 prescribed for the purpose to prove that the investment in the country subsists. Should
8 said alien investor withdraw the investments from the Philippines, then the investor's visa
9 issued to said alien shall automatically expire and be withdrawn.
10

11 The authority to issue visas and work permits shall remain with the Bureau of
12 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
13 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing
14 of such visas and permits for workers in the Bacolod Ecozone and coordinate closely with
15 the BSEZA to facilitate the conduct of business operations.
16

17 **SEC. 15. Fiscal Incentives.** – Registered enterprises of the Bacolod Ecozone may
18 be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the
19 National Internal Revenue Code, as amended.
20

21 **SEC. 16. Banking Rules and Regulations Governing Banks and Other**
22 **Financial Institutions.** – Banks and other BSP-supervised financial institutions to be
23 established in the Bacolod Ecozone shall be under the supervision of the BSP and subject
24 to existing banking laws, rules and regulations.
25

26 **SEC. 17. Remittances.** – In the case of foreign investments, a duly registered
27 entity or enterprise within the Bacolod Ecozone shall have the right to remit earnings to its
28 investors in the currency in which the investment was originally made and at the exchange
29 rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653,
30 otherwise known as the "New Central Bank Act" as amended.
31

32 CHAPTER IV

33 NATIONAL GOVERNMENT AND OTHER ENTITIES

34

35 **SEC. 18. Supervision and Control.** – For purposes of policy direction and
36 coordination, the BSEZA shall be under the direct control and supervision of the Office of
37 the President of the Philippines.

SEC. 19. Relationship with Local Government Units. – Except as herein provided, the LGUs comprising the Bacolod Ecozone shall retain their basic autonomy and identity. The City of Bacolod, Province of Negros Occidental, 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 BSEZA, the LGU and the national government on matters affecting the Bacolod Ecozone, other than national defense and security matters, the decision of the BSEZA shall prevail.

SEC. 20. *Audit.* – The Commission on Audit shall appoint a full-time auditor for the BSEZA 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

SEC. 21. *Interpretation and Construction.* – The powers, authorities and functions that are vested in the BSEZA 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 BSEZA, the national government and the LGU. 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.

SEC. 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 Bacolod Ecozone.

SEC. 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.

1 **SEC. 24. *Separability Clause.*** – If any provision of this Act shall be held
2 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
3 force and effect.

4

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

7

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

Approved.