



**HOUSE OF REPRESENTATIVES**

**H. No. 10244**

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BY REPRESENTATIVES AUMENTADO, GARIN (S.), TIANGCO, SALCEDA, YAP (E.), GATCHALIAN, VERGARA, HARESCO, CUA, NOGRALES (J.J.), SUANSING (E.), BENITEZ, ALBANO (A.), 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-TAMBOT, 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. 1232

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**AN ACT**

**ESTABLISHING THE SPECIAL ECONOMIC ZONE IN THE MUNICIPALITIES OF UBAY, BUENAVISTA, TALIBON, AND GETAFE, PROVINCE OF BOHOL, CREATING FOR THE PURPOSE THE NORTHERN BOHOL 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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**CHAPTER 1**

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**GENERAL PROVISIONS**

**SECTION 1. *Short Title.*** – This Act shall be known as the “Northern Bohol 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 Northern Bohol Special Economic Zone.*** – In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of the Province of Bohol, there is hereby established a Special Economic Zone, hereinafter referred to as the Northern Bohol Ecozone. The Northern Bohol Ecozone shall cover a particular area located in the Municipalities of Ubay, Buenavista, Talibon, and Getafe, Province of Bohol. The specific metes and bounds of the Northern Bohol Ecozone 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 Northern Bohol Special Economic Zone Authority.*** – There is hereby created a body corporate to be known as the Northern Bohol Special Economic Zone Authority, hereinafter referred to as the NBSEZA, which shall manage and operate the Northern Bohol Ecozone, in accordance with the provisions of this Act. The corporate life of the NBSEZA 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 NBSEZA, created under Section 4 of this Act, shall manage and operate the Northern Bohol Ecozone, under the following principles:

- a) Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, as amended, the Northern Bohol Ecozone shall be

1 developed into and operated as a decentralized, self-reliant and self-sustaining  
2 industrial, commercial/trading, agro-industrial, tourist, banking, financial, and  
3 investment center with suitable residential areas;  
4

5 b) The Northern Bohol Ecozone shall be equipped with transportation,  
6 telecommunications, and other facilities needed to attract legitimate and productive  
7 investments, generate linkage industries and employment opportunities for the  
8 people of Bohol and its neighboring towns and cities;  
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10 c) The Northern Bohol Ecozone may establish mutually beneficial economic relations  
11 with other entities or enterprises within the country or, subject to the administrative  
12 guidance of the Department of Foreign Affairs, the Philippine Economic Zone  
13 Authority (PEZA), and the Department of Trade and Industry (DTI), with foreign  
14 entities or enterprises;  
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16 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may  
17 set up enterprises in the Northern Bohol Ecozone, either by themselves or in a joint  
18 venture with Filipinos in any sector of industry, international trade and commerce  
19 within the Northern Bohol Ecozone;  
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21 e) The Northern Bohol Ecozone shall be managed and operated as a separate customs  
22 territory thereby ensuring the free flow or movement of goods and capital within, into  
23 and out of its territory, and shall likewise provide incentives subject to Title XIII of the  
24 National Internal Revenue Code, as amended. However, exportation or removal of  
25 goods from the territory of the Northern Bohol Ecozone to the other parts of the  
26 Philippine territory shall be subject to customs duties and taxes under Republic Act  
27 No. 10863, otherwise known as the "Customs Modernization and Tariff Act" and  
28 other relevant tax laws of the Philippines;  
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30 f) The areas comprising the Northern Bohol Ecozone may be expanded or reduced  
31 when necessary through a presidential proclamation issued for the said purpose. For  
32 this purpose, the NBSEZA, in consultation with the LGUs, shall have the power to  
33 acquire either by purchase, negotiation or condemnation proceedings, any private  
34 land within or adjacent to the Northern Bohol Ecozone for the following purposes: (1)  
35 consolidation of lands for zone development; (2) acquisition of right of way to the  
36 Northern Bohol Ecozone; and (3) the protection of watershed areas and natural  
37 assets valuable to the prosperity of the Northern Bohol Ecozone;

1 g) Goods manufactured by a Northern Bohol Ecozone enterprise shall be made  
2 available for 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 NBSEZA together with the PEZA, the Bureau of Customs, the Bureau of  
5 Internal Revenue, and the DTI. However, in order to protect domestic industries, a  
6 Negative List of industries shall be drawn up and regularly updated by the PEZA.  
7 Enterprises engaged in industries included in such Negative List shall not be allowed  
8 to sell their products locally; and

9 h) The defense of the Northern Bohol Ecozone and the security of its perimeter fence  
10 shall be the responsibility of the national government in coordination with the  
11 NBSEZA and the LGUs.  
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13 **SEC. 6. *Development Goals of the Northern Bohol Ecozone.*** – The NBSEZA  
14 shall determine the development goals of the Northern Bohol Ecozone within the  
15 framework of national development plans, policies, and goals. The Chairperson-  
16 Administrator shall, upon approval by the Board of the NBSEZA, submit the Northern  
17 Bohol Ecozone plans, programs, and projects to the Regional Development Council for  
18 inclusion and inputs to the overall regional development plan.  
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20 **SEC. 7. *Capitalization.*** – The NBSEZA shall have an authorized capital stock of  
21 two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (Php10.00)  
22 each, the majority shares of which shall be subscribed and paid for by the national  
23 government and the LGUs embracing the Northern Bohol Ecozone. The Board of Directors  
24 of the NBSEZA may, with the written concurrence of the Secretary of Finance, sell shares,  
25 representing not more than forty *per centum* (40%) of the capital stock of the NBSEZA to  
26 the general public under such policy as the Board and the Secretary of Finance may  
27 determine. The national government and the LGUs shall in no case own less than sixty  
28 *per centum* (60%) of the total issued and outstanding capital of the NBSEZA.  
29

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

1           **SEC. 8. *Principal Office of the NBSEZA.*** – The NBSEZA shall maintain its  
2 principal office in the Municipalities of Ubay, Buenavista, Talibon, and Getafe, Province of  
3 Bohol, but it may establish liaison offices within the Philippines as may be necessary for  
4 the proper conduct of its business.

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

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- 9 a) To operate, administer, manage, and develop the Northern Bohol Ecozone  
10 according to the principles and provisions set forth in this Act;
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  - 12 b) To register, regulate, and supervise the enterprises in the Northern Bohol Ecozone  
13 in an efficient and decentralized manner, subject to existing laws;
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  - 15 c) To coordinate with LGUs and exercise general supervision over the development  
16 plans, activities, and operations of the Northern Bohol Ecozone;
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  - 18 d) To regulate and undertake the establishment, construction, operation, and  
19 maintenance of public utilities, other services, and infrastructure in the Northern  
20 Bohol Ecozone such as light and power, shipping, barging, stevedoring, cargo  
21 handling, hauling, warehousing, storage of cargo, port services or concessions,  
22 piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,  
23 telecommunications, transport, bridges, terminals, conveyors, water supply and  
24 storage, sewerage, drainage, airport operations in coordination with the Civil Aviation  
25 Authority of the Philippines, and such other services or concessions or infrastructure  
26 necessary or incidental to the accomplishment of the objectives of this Act;
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  - 28 e) To construct, acquire, own, lease, operate, and maintain on its own or through  
29 contracts, franchise, licenses, bulk purchase from the private sector or permits under  
30 any of the schemes allowed in Republic Act No. 6957, otherwise known as the “Build-  
31 Operate-Transfer Law”, as amended, or joint venture, adequate facilities and  
32 infrastructure required or needed for the operation and development of the Northern  
33 Bohol Ecozone, in coordination with appropriate national and local government  
34 authorities and in conformity with applicable laws thereon;
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  - 36 f) To approve plans, programs, and projects of the Northern Bohol Ecozone to be  
37 submitted to the Regional Development Council for inclusion in 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;
- 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, coral and coral reefs, and maintain ecological balance within the Northern Bohol Ecozone. Notwithstanding the power of the NBSEZA 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 NBSEZA;
- j) To create, operate or contract to operate such functional units or offices of the NBSEZA 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 Northern Bohol 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 Northern Bohol Ecozone, in coordination with government agencies having jurisdiction over activities therein:

1        *Provided*, That all government agencies are directed to provide and extend utmost  
2        and full cooperation to the NBSEZA in the establishment of such one-stop shops;

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4        n) To ensure that the area covered by the Northern Bohol Ecozone is secure at all  
5        times: *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine  
6        National Police (PNP) shall not interfere in the internal affairs of the NBSEZA except  
7        to provide the necessary security and defense, or law enforcement assistance, as  
8        the case may be: *Provided, finally*, That expenses of the AFP or the PNP in the  
9        Northern Bohol Ecozone shall be borne by the national government;

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

14  
15       p) To issue rules and regulations consistent with the provisions of this Act as may be  
16       necessary to accomplish and implement the purposes, objectives, and policies  
17       provided herein.

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19       **SEC. 10. Board of Directors of the NBSEZA.** – The powers of the NBSEZA shall  
20       be vested in and exercised by a Board of Directors, hereinafter referred to as the Board,  
21       which shall be composed of the following:

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23       a) A Chairperson, who shall at the same time be the administrator of the NBSEZA;  
24       b) A Vice-Chairperson who shall be elected from among the members of the Board of  
25       Directors;  
26       c) Members consisting of:  
27           1) The Governor of the Province of Bohol or a duly-authorized representative from  
28           the Provincial Government of Bohol;  
29           2) One (1) of the mayors of the municipalities covered by the ecozone;  
30           3) One (1) representative from the investors' group; and  
31           4) One (1) representative from among the workers in the Northern Bohol Ecozone.

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

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37       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.

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

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



- a) To direct and manage the affairs of the NBSEZA in accordance with the policies of the Board;
- b) To establish the internal organization of the NBSEZA 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 Northern Bohol Ecozone;
- 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 Northern Bohol Ecozone; 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 NBSEZA 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 NBSEZA 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

**SEC. 14. *Investors Visa.*** – Any foreign national who invests an amount of Two hundred thousand US dollars (US\$200,000.00), either in cash or equipment, in a

1 registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign  
2 national has the following qualifications:

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- 4 a) Must be at least eighteen (18) years of age;
  - 5 b) Must not have been convicted by final judgment of a crime involving moral turpitude;
  - 6 c) Must not be afflicted with any dangerous or contagious disease;
  - 7 d) Must not have been confined in an institution for any mental disorder or disability;
  - 8 and
  - 9 e) Must be financially capable as borne out by credible and verifiable evidence.
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11 With an investor's visa, an alien shall be entitled to reside in the Philippines while  
12 the investment subsists. For this purpose, the alien should submit an annual report, in the  
13 form duly prescribed for the purpose, to prove that the investor has maintained the  
14 investment in the country. Should said alien withdraw the investments from the Philippines,  
15 then the investor's visa issued to said alien shall automatically expire and be withdrawn.

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17 The authority to issue visas and work permits shall remain with the Bureau of  
18 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:  
19 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing  
20 of such visas and permits for workers in the Northern Bohol Ecozone and coordinate  
21 closely with the NBSEZA to facilitate the conduct of business operations.

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23 **SEC. 15. *Fiscal Incentives.*** – Registered enterprises operating within the  
24 Northern Bohol Ecozone may be entitled to pertinent fiscal incentives granted under Title  
25 XIII (Tax Incentives) of the National Internal Revenue Code, as amended.

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27 **SEC. 16. *Rules and Regulations Governing Banks and Other Financial***  
28 ***Institutions.*** – Banks and other BSP-supervised financial institutions to be established in  
29 the Northern Bohol Ecozone shall be under the supervision of the BSP and subject to  
30 existing banking laws, rules and regulations.

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32 **SEC. 17. *Remittances.*** – In the case of foreign investments, a duly registered  
33 entity or enterprise within the Northern Bohol Ecozone shall have the right to remit  
34 earnings from the investment in the currency in which the investment was originally made  
35 and at the exchange rate prevailing at the time of remittance, subject to the provisions of  
36 Republic Act No. 7653, otherwise known as the “New Central Bank Act” as amended.

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**CHAPTER IV**  
**NATIONAL GOVERNMENT AND OTHER ENTITIES**

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

**SEC. 19. *Relationship with Local Government Units.*** – Except as herein provided, the LGUs comprising the Northern Bohol Ecozone shall retain their basic autonomy and identity. The Municipalities of Ubay, Buenavista, Talibon, and Getafe, Province of Bohol, shall operate and function in accordance with the framework of the Constitution, Local Government Code of 1991, as amended, and this Act.

In case of any conflict among the NBSEZA, the LGUs and the national government on matters affecting the Northern Bohol Ecozone, other than national defense and security matters, the decision of the NBSEZA shall prevail.

**SEC. 20. *Audit.*** – The Commission on Audit shall appoint a full-time auditor in the NBSEZA or may assign such number of personnel as may be necessary in the performance of their functions.

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**CHAPTER V**  
**MISCELLANEOUS**

**SEC. 21. *Interpretation and Construction.*** – The powers, authorities and functions that are vested in the NBSEZA 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 NBSEZA, 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. 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

1 apply to the Northern Bohol Ecozone.

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3 **SEC. 23. *Implementing Rules and Regulations.*** – Within sixty (60) days from  
4 effectivity of this Act, the DTI, in coordination with the DOF and the National Economic  
5 and Development Authority, shall formulate rules and regulations for the effective  
6 implementation of the provisions of this Act.

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

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

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

Approved,