



Republic of the Philippines
Department of Environment and Natural Resources
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MEMORANDUM

FOR : **The Directors**
Legal Affairs Service
Policy and Planning Service
Climate Change Service

The Bureau Directors
Environmental Management Bureau
Forest Management Bureau
Biodiversity Management Bureau
Land Management Bureau

The Officer-in-charge
Mines and Geosciences Bureau

The Regional Executive Director
Region VII

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION AND REQUEST FOR COMMENTS RE: HB 7201 ENTITLED: "AN ACT ESTABLISHING SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF MARIA, PROVINCE OF SIQUIJOR, CREATING FOR THE PURPOSE THE SIQUIJOR SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES" FOR THE COMMITTEE ON ECONOMIC AFFAIRS OF THE HOUSE OF REPRESENTATIVES**

DATE : 14 March 2023

The Committee on Economic Affairs sent a letter dated 13 March 2023 inviting the Department to a virtual meeting on **March 15, 2023 (Wednesday) at 10:00 AM via the Zoom videoconferencing platform with Meeting ID: 953 6103 2371 and Passcode: 274056** to discuss House Bill Number 7201, entitled: "An Act Establishing Special Economic Zone in the Municipality of Maria, Province of Siquijor, Creating for the Purpose the Siquijor Special Economic Zone Authority, Appropriating Funds Therefor and for other Purposes", introduced by Representative Zaldy "Jecoy" S. Villa.

In this regard, may we **request comments and recommendations** on the above-mentioned House Bill. Kindly submit it **on or before March 15, 2023, at 5 PM through email at denrilo@denr.gov.ph** Further, kindly inform us of the name/s of the representative/s from your office who will participate in the meeting so we may include him/her/them as resource person/s.

Attached herewith are the invitation letter, agenda, and a copy of the House Bill for your reference.

ROMIROSE B. PADIN

cc: Undersecretary for Special Concerns and Legislative Affairs



Republic of the Philippines
House of Representatives

COMMITTEE ON ECONOMIC AFFAIRS

CTSS-1, Committee Affairs Department, Ramon V. Mitra Bldg., House of Representatives, Batasan Hills, Quezon City
931-5361/951-3006 (DL); 931-5001 (TL) loc. 7141 committee.economicaffairs@house.gov.ph

March 13, 2023

MRS. ANTONIA "TONI" YULO-LOYZAGA

Secretary

Department of Environment and Natural Resources

Visayas Avenue, Diliman,

Quezon City

Dear **Secretary Yulo-Loyzaga**:

The Committee on Economic Affairs of the House of Representatives will conduct a virtual meeting on **March 15, 2023 (Wednesday)** at **10:00 AM** via the Zoom videoconferencing platform with **Meeting ID: 953 6103 2371** and **Passcode: 274056** to discuss **House Bill Number 7201**, entitled: "An Act Establishing Special Economic Zone in the Municipality of Maria, Province of Siquijor, Creating for the Purpose the Siquijor Special Economic Zone Authority, Appropriating Funds Therefor and for other Purposes", introduced by Representative Zaldy "Jecoy" S. Villa.

Copies of the pertinent bill and the agenda for the meeting are attached herewith for your perusal.

In this regard, we cordially invite you or your representative to participate in the meeting as a resource person and convey the comments and recommendations of your agency or office on **House Bill Number 7201**, entitled: "An Act Establishing Special Economic Zone in the Municipality of Maria, Province of Siquijor, Creating for the Purpose the Siquijor Special Economic Zone Authority, Appropriating Funds Therefor and for other Purposes."

For queries and confirmation of attendance, you may reach the Committee Secretariat through the contact details indicated above. Thank you.

Very truly yours,

For the Chairperson:

HON. GERARDO P. VALMAYOR, JR.

ATTY. MA. LUZ CONCEPCION M. BALDUEZA

OIC – Committee Secretary



Committee on Economic Affairs

A G E N D A

*March 15, 2023 (Wednesday), 10:00 A.M.
via Zoom Video Conference Platform*

Zoom Link: <https://zoom.us/j/95361032371?pwd=c3pzYUcxMXd0QUVJT2pWd25HdTlHZz09>

Meeting ID: 953 6103 2371

Passcode: 274056

Part One

Joint with the Committee on Trade and Industry

- I. Call to Order
- II. Roll Call
- III. Acknowledgement of Members and Resource Persons
- IV. Approval of the Minutes of the Previous Meeting dated February 21, 2023
- V. Preliminary Remarks by the Chairpersons

Hon. Gerardo P. Valmayor, Jr.

Chairperson, Committee on Economic Affairs

Hon. Mario Vittorio “Marvey” A. Mariño

Chairperson, Committee on Trade and Industry

- VI. **Approval of Unnumbered House Bill in substitution of House Bills Numbered 7058 and 7181, and its corresponding Committee Report**
 - i. **House Bill Number 7058** entitled: *“An Act Strengthening Further the Powers and Functions of the Authority of the Freeport Area of Bataan (AFAB), Amending for the Purpose Republic Act No. 9728, Otherwise Known as FREEPORT AREA OF BATAAN (FAB) ACT OF 2009, as amended by Republic Act no, 11453”*, introduced by Representative Albert S. Garcia
 - ii. **House Bill Number 7181** entitled: *“An Act Strengthening Further the Powers and Functions of the Authority of the Freeport Area of Bataan (AFAB), Amending for the Purpose Republic Act No. 9728, Otherwise Known as FREEPORT AREA OF BATAAN (FAB) ACT OF 2009, as amended by Republic Act no, 11453”*, introduced by Representative Maria Angela S. Garcia
- VII. **Initial Consideration of House Bill Number 7201** entitled: *“An Act Establishing the Siquijor Special Economic Zone in the Municipality of Maria, Province of Siquijor, Creating for the Purpose the Siquijor Special Economic Zone Authority, Appropriating Funds Therefor and for Other Purposes”*, introduced by Representative Zaldy “Jecoy” S. Villa

Part Two
Committee on Economic Affairs

- VIII. Approval of the Minutes of the Previous Meeting dated February 7, 2023
- IX. **Initial Consideration of House Bill Number 642**, entitled: “*An Act Providing for the Comprehensive Regulatory and Legal Framework for Collective Investment Schemes*”, introduced by Representative Joey Sarte Salceda, with Representatives Shernee A. Tan-Tambut, Kristine Singson-Meehan, Jurdin Jesus M. Romualdo and Noel “Bong” N. Rivera, as co-authors
- X. Other Matter
- XI. Adjournment
-

Invited Guests:

- Part One
- Authority of the Freeport of Bataan (AFAB)*
 - Provincial Government of Bataan*
 - National Economic and Development Authority (NEDA)*
 - Philippine Economic Zone Authority (PEZA)*
 - Department of the Interior and Local Government (DILG)*
 - Department of Trade and Industry (DTI)*
 - Department of Foreign Affairs (DFA)*
 - Civil Aviation Authority of the Philippines (CAAP)*
 - Philippine Amusement and Gaming Corporation (PAGCOR)*
 - Department of Natural Resources (DENR)*
 - Department of Finance (DOF)*
 - Bangko Sentral ng Pilipinas (BSP)*
 - Bureau of Internal Revenue (BIR)*
 - Bureau of Customs (BOC)*
 - Bureau of Immigration (BI)*
 - Department of Labor and Employment (DOLE)*
 - Commission on Audit (COA)*
 - Local Government Unit of Maria, Siquijor*
- Part Two
- Bangko Sentral ng Pilipinas (BSP)*
 - Insurance Commission (IC)*
 - Securities and Exchange Commission (SEC)*
 - Bureau of Internal Revenue (BIR)*
 - Anti-Money Laundering Council (AMLC)*

Note: Media access – viewing only allowed, no livestreaming and to be posted in the House schedule of committee meetings

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

HOUSE BILL No. 7201



Introduced by Representative ZALDY "JECOY" S. VILLA

AN ACT
ESTABLISHING THE SIQUIJOR SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF MARIA, PROVINCE OF SIQUIJOR, CREATING FOR THE PURPOSE THE SIQUIJOR SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This measure seeks for the establishment of the Siquijor Special Economic Zone ("SEZ") in the Municipality of Maria, Province of Siquijor. It is worthy to note that there has been a steady decrease of poverty incidence in the Province of Siquijor. However, in 2022 the poverty incidence among families is 2.2%¹. There is also a steady increase in Consumer Price Index and Inflation Rate². The National Economic and Development Authority noted that among the provinces in the region, the Province of Siquijor is the only one classified as a 5th class province³. It bears emphasis, that the key drivers of growth in the region, among others, are Business Process Outsourcing, Tourism, Retail and Trade as well as Real Estate and Construction⁴.

The establishment of SEZ in the Province of Siquijor not only addresses above-mentioned negative statistics but the actual effect to the constituents and nearby regions is undeniably beneficial in more ways than one. If not totally eradicating poverty, but with the view and objective of limiting poverty at levels that the Province can adequately manage is a feat that most strive for. Through the establishment of SEZ, the drivers of growth will be fueled and redound to the benefit again by the constituents and nearby regions.

Similar to other economic zones previously established, SEZ will be a great tool for ensuring progress and sustainable development in the Province of Siquijor.

¹ Philippine Statistics Authority, Quickstat December 2022.

² Ibid.

³ <https://nro7.neda.gov.ph/wp-content/uploads/2021/11/Briefer-Central-Visayas-as-of-May-7-2020-1.pdf>

⁴ Ibid.

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



ZALDY "JECOY" S. VILLA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

HOUSE BILL No. 7201

Introduced by Representative ZALDY "JECOY" S. VILLA

AN ACT
ESTABLISHING THE SIQUIJOR SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF MARIA, PROVINCE OF SIQUIJOR, CREATING FOR THE PURPOSE THE SIQUIJOR SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

SECTION 1. Short Title. - This Act shall be known as the "Siquijor Special Economic Zone".

SECTION 2. Declaration of Policy. - It is hereby declared the State policy to actively encourage, promote, induce and accelerate a sound and balance industrial, economic and social development of the country in order to provide jobs to the people especially those in rural areas, increase productivity and individual and family income, and thereby improved the level and quality of living condition through the establishment, among others, of special economic zone in suitable and strategic locations in the country and through measures that will attract legitimate and productive foreign investments.

SECTION 3. Creation of Siquijor Special Economic Zone. - In pursuit of the foregoing declared policy, there is hereby established a special economic zone in the Province of Siquijor, which shall be referred hereinafter as the "SEZ."

The SEZ may cover the land territories in the Province of Siquijor comprising an area of approximately 110 hectares. The 'SEZ main zone' shall be located in the Municipality of Siquijor, Province of Siquijor. Other expansion areas may be established within the Province of Siquijor which may be declared as part of the SEZ in compliance with Sec 4(G) of this Act, including all municipal waters within the SEZ main zone and of the expansion areas located at the coastline of the Province of Siquijor (the 'other SEZ zones').

The metes and bounds of the SEZ main zone, and the other SEZ zones, which will be fenced and include the establishment of an administrative office for ease of customs administration and border control, shall be determined 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 pertinent law.

Prospective developers and locators may choose to register with the SEZ, PEZA or such other investment promotion agency: *Provided*, That in no case shall a registered enterprise enjoy incentives from two (2) or more investment promotion agencies: *Provided, further*, That in no case shall a SEZ-registered enterprise be located within an ecozone administered and managed by another investment promotion agency.

SECTION 4. *Governing Principles.* – The Siquijor Special Economic Zone shall be managed and operated by the Siquijor Special Economic Zone Authority, herein referred to as “SEZA,” created under Section 13 of this Act, under the following principles:

- A. Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the SEZ shall be developed into and operated as the decentralized, self-reliant and self-sustaining industrial, commercial/trading, research and development, engineering, medical, education, information and communications technology including emerging and future technologies such as artificial technology, blockchain, business process outsourcing, cloud computing, cybersecurity, distributed ledger technology, financial technology solutions, internet of things, and virtual reality, retirement, and healthcare services, agro-industrial, tourism, banking financial, multinational trading and investment center with provision for suitable residential areas;
- B. Notwithstanding the autonomy provided in Section 4(A) of this Act, the SEZA shall continue to be provided by the National Government and or local government with transportation, telecommunications, high-speed internet cables and other facilities needed to attract legitimate and productive investments, generate linkage with industries and employment opportunities for the people of the Province of Siquijor and its neighboring provinces and region. The SEZA shall also have priority and preferential access to such National Government and or local government transportation and telecommunications infrastructure, high-speed internet cables and other facilities, and access to the SEZ shall be incorporated in the planning, construction, and operation of such infrastructure or expansions: *Provided*, That the autonomy and self-reliance of the SEZA shall not be hindrance to assist and or partnerships with other units and instrumentalities of the government: *Provided, further*, That no assistance or partnership shall be construed as a waiver of the autonomy of the SEZA;
- C. The SEZA may established 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 or 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 SEZA, either by themselves or in joint venture with Filipinos in any sector of industry, international trade and commerce within the territorial jurisdiction of the SEZA as provided in Section 3 of this Act: *Provided*, That the SEZA may inquire a minimum investment in freely convertible currencies from any enterprise seeking registration as a SEZ enterprise;

- E. The SEZ shall be managed and operated as a separate custom territory thereby ensuring the free flow or movement of goods and capital within, into and out of its territory; *Provided*, That in accordance with Section 301 and 817 of the Republic Act No. 10863, the Bureau of Customs (BOC) shall continue to exercise border protection and customs control authority over the customs territory adjacent to the SEZ; *Provided, further*, That the SEZA shall allow patrol and other law enforcement arrangement by the BOC and other government agencies within the municipal waters covered by the other SEZA zones, subject to coordination with the SEZA to enhance its protection and control capacity and ensure compliance with customs, fisheries and other laws and regulations;
- F. The SEZA shall provide incentives such as tax and duty-free importation of raw materials, capital and equipment to registered enterprises located therein. However, exportation or removal of goods from the territory of the SEZ to other parts of the Philippine territory shall be subject to customs duties and taxes under the Tariff and Customs Codes of the Philippines, as amended, the National Internal Revenue Code (NIRC) of 1997, as amended and Corporate Recovery and Tax Incentives for Enterprises Law;
- G. The areas comprising the SEZ may be expanded or reduced when necessary. For this purpose, the SEZA, 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 SEZA Board in accordance and in compliance with existing laws and local ordinances, shall have the power to acquire, procure and or expand either by purchase, negotiation, condemnation proceedings, or any other arrangement, any private or alienable and disposable public lands and or their respective water territories within the territorial jurisdiction of the Province of Siquijor, if any, for the following purposes: (1) consolidation of lands for SEZ development and establishment of new industrial estates and economic zones under the SEZ; (2) acquisition of right-of-way to the SEZ; and (3) the protection and safeguard of watershed areas and the maintenance and improvement of its water yield and natural assets valuable to the prosperity of the SEZ, the LGU, and the National Government, the effective management of solid waste in compliance with existing national laws and local ordinances, and its impact to adjacent areas within the local government concerned: *Provided*, That any expansion shall be aligned with the comprehensive land use plan of the affected LGUs; *Provided, further*, That the SEZA and the relevant LGUs and national government agencies shall provide for the immediate and responsive mechanisms, best management practices and suitable environmental protection programs for land and coastal management to address any abuse and or exploitation of the natural environment within the territorial jurisdiction of SEZ as provided in Section 3 of this Act;
- H. Goods manufactured by SEZ enterprises 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 SEZA, together with PEZA, the *Banko Sentral ng Pilipinas* (BSP), the Department of

Finance (DOF), the BOC and DTI in accordance with NIRC of 1997, as amended, and the Tariff and Customs Code of the Philippines, as amended: *Provided*, That the value of the goods at the time of importation shall be the basis in determining the appropriate duties and taxes: *Provided, further*, That the cooperation with the SEZA, the foregoing agencies shall provide and implement measures to support the improvement of ease and cost of doing business within the SEZ and the enhancement of the investment promotion capacity of the SEZA. In order to protect domestic industries, a negative list of industries shall be drawn up and regularly updated by the SEZA. Enterprises engaged in industries included in such negative list shall not be allowed to sell their products locally, notwithstanding the registration of such enterprises in the SEZ; and

- I. The defense of SEZ and the security of its perimeter fence shall be the responsibility of the National Government in coordination with the SEZA and the LGUs. The SEZA shall provide its own internal security and firefighting forces.

SECTION 5. *Fiscal Incentives.* – The registered enterprises operating within the SEZ may be entitled to the existing pertinent fiscal incentives as provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, also known as “Special Economic Zone Act of 1995”, those provided under Executive order No. 226, as amended, otherwise known as the “Omnibus Investment Code of 1987.”, and Republic Act No. 11534, otherwise known as the “Corporate Recovery and Tax Incentives for Enterprises” (CREATE) Law.

SECTION 6. *Imposition of a Tax Rate of Five Percent (5%) on Gross Income Earned.* – No taxes, local and national, shall be imposed on registered business establishments operating within the SEZ. In lieu thereof, and subject to Section 10 of this Act, said business establishments shall pay a five percent (5%) final tax on their gross income earned in the following percentages:

- a) One per centum (1%) to the National Government;
- b) One per centum (1%) to the Province of Siquijor;
- c) One per centum (1%) to the host municipality; and
- d) Two per centum (2%) to the SEZA;

SECTION 7. *Incentives to Investors.* – Any foreign national who invest an amount of One Hundred Thousand US dollars (US\$100,000.00), either in cash and or equipment, in a registered enterprise shall be entitled to an investor’s visa: *Provided*, That he has the following qualifications:

- (A) He is at least eighteen (18) years of age;
- (B) He has not been convicted of a crime involving moral turpitude;
- (C) He is not afflicted with any loathsome, dangerous or contagious disease;
and

(D) He has not been institutionalized for any mental disorder or disability.

As holder of investor's visa, an alien shall be entitled to reside in the Philippines while his investment subsists. For this purpose, he should submit an annual report, in the form duly prescribed for the purpose, to prove that he has maintained his investment in the country. Should said alien withdraw his investments from the Philippines, then the investor's visa issued to him shall automatically expire.

SECTION 8. *Administration, Implementation and Monitoring of Incentives.* – For the proper administration, implementation and monitoring of tax incentives provided under this law, the following are herein mandated:

- (a) The SEZA shall be responsible for the administration and implementation of the incentives granted to its respective registered enterprises. Among others, it shall adopt and implement systems and procedures affecting trade and customs policies. The BOC shall set up and established a customs controlled area outside the gate of the SEZ to facilitate payment of taxes on goods entering the Philippine customs territory; and
- (b) The SEZA shall likewise submit to DOF its annual tax expenditures based on the tax incentives granted to its registered enterprises. The DOF, for its part, shall create a single database of all incentives provided by the governing authority. The DOF shall monitor the incentives granted and submit all annual reports to the President;

SECTION 9. *Extension of Period of Availment.* - The availment period of the incentives provided herein may be extended by SEZA, in the event that the registered enterprise has suffered operational *force majeure* that has impaired its viability or any event equivalent thereto.

SECTION 10. *Duration of Incentives.* – Enterprises registered with SEZA may enjoy the income tax holiday (ITH) or the net operating loss carryover (NOLCO) granted by the Authority prior to the availment of the five percent (5%) Gross Income Earned (GIE). Fiscal incentives under this Act shall be terminated after cumulative period of twenty (20) years from date of registration or start of commercial operation, whichever is applicable, except that it could be extended with regard to the industries deemed indispensable to national development. The industries exempted from this provision shall be determined by the SEZA.

SECTION 11. *Online Gaming Centers within SEZ.* – The SEZ will be open for hosting online gaming centers and establishments, with the end in view of facilitating the rapid economic development of the province and its neighboring areas. In coordination with concerned LGUs, the Department of Information and Communications Technology (DICT) and other relevant government agencies, the establishment of high-speed internet cables, the adequate number of cell sites and other facilities and infrastructures necessary to support the satisfactory performance of this online gaming centers will be introduced with the SEZ.

Prospective online gaming centers must first register with and be granted accreditation by the SEZA before they are given the license to operate within the SEZ. Qualified and SEZ-

registered online gaming centers will enjoy the same incentives and benefits as provided above qualified and SEZA-registered enterprises.

SECTION 12. *Technology Hub for Start-Ups within SEZ.* -- To support job creation, technological buildup and startup development, the SEZ will be home to enterprise technological start-ups which shall be catered and nurtured inside the SEZ technological hub. In coordination with PEZA, DTI and other concerned agencies, the SEZ will be a distinct ecozone that is at the forefront of accepting and housing start-up technological businesses. These businesses will be nurtured until they are well-developed into productive and commercial enterprises.

Prospective technological start-ups must first register and be granted accreditation by the SEZA before they are given the license to operate within the SEZ. Qualified and SEZA-registered technological start-ups will enjoy the same incentives and benefits as provided above to qualified and SEZA-registered enterprises.

Along with these benefits and incentives, these technological start-ups will gain access to the One-Stop Shop envisioned under Section 36 of Republic Act No. 7916. This access to the One-Stop Shop will promote ease of doing business inside the SEZ.

Pursuant to this mandate, a One-Stop Shop for Business Structure and Registration ("One-Stop Shop") will be established within the SEZ to assist and fast-track the registration and framework finalization of prospective technological start-ups and other enterprises. Thus, the One-Stop Shop will also serve all prospective online gaming centers which seek to operate inside the SEZ. To ensure effective formation of this One-Stop Shop, all appropriate government agencies that are involved in registering, licensing and issuing permits to investors shall assign their representatives to the SEZ to attend to investors' requirements. The SEZA will supervise and assure that the One-Stop Shop consistently and effectively fulfills its mandate.

SECTION 13. *Creation of the Siquijor Special Economic Zone Authority.* -- There is hereby created a body corporate to be known as the Siquijor Special Economic Zone Authority, hereafter referred to as the "SEZA," which shall manage and operate the SEZ, in accordance with the provisions of this Act.

SECTION 14. *Principal Office of the SEZA.* -- The SEZA shall maintain its principal office in the Municipality of Maria, Province of Siquijor, but it may establish liaison offices within the Philippines as may be necessary for the proper conduct of its business.

SECTION 15. *Powers and Functions of the SEZA.* -- The SEZA shall have the following functions:

- (a) To adopt, use a corporate seal, to contract, lease, buy, sell, acquire, own and dispose properties of whatever nature;
- (b) To sue and be sued in order to carry out its duties, responsibilities, privileges, powers and functions as granted and provided for in this Act and to exercise the power of eminent domain for public use and public purpose;
- (c) To operate, administer, manage, develop, in accordance with Executive Order

No. 525, as amended, the SEZ according to the principles and provisions set forth in this Act and to coordinate with the LGUs for the development plans, activities and operation of the SEZA;

- (d) To recommend to the President the issuance of a proclamation to fix and delimit the site of the SEZ;
- (e) To register, regulate and supervise the enterprises in the SEZ in an efficient and decentralized manner, subject to existing laws;
- (f) To coordinate with the LGUs and exercise general supervision over the development plans, activities and operations of the SEZ;
- (g) To authorize or undertake, on its own or through others, and to regulate the establishment, construction, operation and maintenance of public utilities, services, and infrastructure in the SEZ such as shipping, barging, stevedoring, cargo, handling, hauling, warehouse, storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk 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 and infrastructures necessary or incident to the accomplishment of the objectives of this Act. *Provided, however,* That the private investors in the SEZ shall be given priority in the awarding of contracts, franchises, licenses, or permits for the establishment, operation and maintenance of utilities, services and infrastructures in the SEZ;
- (h) To license, set fees, regulate, and undertake the establishment, operation and maintenance of utilities, other services, educational and medical institutions and infrastructure in the SEZ such as, but not limited to, heat, light and power, water supply, telecommunications, mobile, internet, and other data facilities, transport, toll roads and bridges, port services, etc., and to fix just, reasonable and competitive rates, fares, charges and prices thereof;
- (i) To construct, acquire, own, lease, operate and maintain on its own or through contracts, franchises, licenses, bulk purchase from the private sector and build-operate-transfer scheme, or under a joint venture with the private sector, any or all of the public utilities and infrastructure required or needed for the operation and development of the SEZ, including transportation, access and connection to, and out of the SEZ, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon. For this purpose, the SEZA shall exercise the power of eminent domain or private lands granted in paragraph (b) of this Section insofar as it may be reasonably necessary, without prejudice to the execution of agreements with public agencies, and subject to the limitations prescribed therein and the observance of the prerequisites of taking of possession and the determination and payment of just compensation in accordance with Republic Act No. 10752, otherwise known as "The Right-of-Way Act;"
- (j) To operate on its own, either directly or through license to other tourism-related activities, including games, amusements, recreational and sports facilities, subject to the approval and supervision of the Philippine

Amusement and Gaming Corporation (PAGCOR);

- (k) To raise or borrow, within the limitation provided by law, and subject to the approval or opinion of the Monetary Board of the BSP, in accordance with law, adequate and necessary funds from local and foreign sources, to finance its projects and programs under this Act, and for that 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;
- (l) To exclusively enforce and administer the provisions of the National Building Code of the Philippines and the Fire Code of the Philippines, as amended, within the territorial jurisdiction of the SEZ: *Provided*, That the SEZA shall be fully responsible and accountable for the enforcement and administration of the National Building Code of the Philippines and the Fire Code of the Philippines, as amended, within the SEZ.

The SEZA Administrator, or his official representative, shall function as the SEZA building official, who shall issue all building permits and other related permits subject to the collection by the SEZA of the corresponding permit fees: *Provided*, That the SEZA building official shall also be authorized to require owners of houses, buildings, or other structures constructed without the necessary SEZA permit/s, or those that are condemned and or abated by the SEZA in accordance with the conditions set forth in the National Building Code or Civil Code, as the case may be, whether constructed on public or private lands, to remove or demolish such houses, buildings, or structures within fifteen (15) days from receipt of notice. Upon failure of such owner to remove or demolish such house, building, or structure within such period, the SEZA may summarily cause its removal or demolition at the expense of the owner and the occupants;

The SEZA may evict any person who refuses to vacate such premises in accordance with Republic Act No. 7279, otherwise known as "Urban Development and Housing Act of 1992," and other existing laws. A temporary or permanent relocation site shall be made available for qualified individuals or families;

- (m) To provide security for the SEZ in coordination with the national and local governments. For this purpose, the SEZA may establish and maintain its security forces and firefighting capability or hire others to provide the same. In the event that an assistance of the military force is necessary, it shall not interfere in the internal affairs of the SEZ except to provide the necessary security and defense, and their expenses shall be borne by the National Government. To ensure the maintenance of law and order within the boundaries of SEZ, including the conduct of police investigations, arrests, search and seizure for violation of penal laws inside the SEZ, the Philippine National Police (PNP) shall establish a police substation, if necessary, under the supervision of the PNP Provincial Director, to be manned by such number of personnel as will allow them to effectively and efficiently pursue its mandate.
- (n) The SEZA shall also be authorized to install control gates at strategic points

of the national roads within the SEZ, through which access into and departure from the SEZ shall be fully controlled by the SEZA;

- (o) To protect, preserve, maintain and develop the forests, beaches, coral and coral reefs, and maintain ecological balance within the SEZ. For this purpose, the rules and regulations of the Department of Environment and Natural Resources (DENR) and other government agencies involve in the above functions shall be implemented by the SEZA: *Provided*, That the issuance, enforcement and monitoring of environmental compliance certificates (ECCs), tree cutting permits, foreshore leases and all other related permits and clearances issued by the DENR and other government agencies shall be under the exclusive control and jurisdiction of the SEZA;
- (p) To create, operate and/or contract to operate such functional units or offices of the SEZA as it may deem necessary;
- (q) To issue certificates of origin for products manufactured or processed in the SEZ;
- (r) To recommend the issuance of working visas renewable every three (3) years to foreign executives and foreign technicians with highly specialized skills which no Filipino possesses, subject to the issuance of the certification and alien employment permit by the Department of Labor and Employment (DOLE);
- (s) Subject to Republic Act. No. 7653, otherwise known as the "New Central Bank Act," other issuances of the BSP, Republic Act No. 8799, otherwise known as the "Securities Regulations Code," existing applicable laws, and such other laws as may be required that are consistent with the objectives of the SEZA, to act as an offshore financial center that engage in, or allow, any or all international financial and business services, including banking, offshore fund management, collective investment schemes, and cryptocurrency mining, and provide the necessary and pertinent fiscal incentives as provided for under Republic Act No. 7916, as amended by Republic Act No. 8748, also known as "Special Economic Zone Act of 1995," and/or those provided under Executive Order No. 226, as amended, otherwise known as "The Omnibus Investments Code of 1987." Banks and financial institutions engaged in quasi-banking functions to be established in the SEZ shall be under the supervision of the BSP, and shall be subject to existing banking laws, rules and regulations. Other financial institutions not engaged in quasi-banking functions, and those engaged in collective investment schemes and cryptocurrency mining within the SEZ shall be under the supervision of the Securities and Exchange Commission;
- (t) To issue special regulations for the benefit of particular industries designed to improve ease of doing business, decrease cost of doing business, and lower bureaucratic burdens of investing and doing business within the SEZ: *Provided*, That such special regulations shall not be contrary to existing laws;
- (u) To endorse Special Resident Retiree's Visas (SRRVs) for retirees that intend to reside in the SEZ, in collaboration with the Philippine Retirement Authority (PRA): *Provided*, That the PRA and the SEZA shall issue joint

regulations on the processing of SRRVs in accordance with existing laws;

- (v) To establish, operate and maintain utilities, facilities, infrastructure, services, businesses, activities, and concessions in the SEZ, pertaining to shipping and maritime business and activities including stevedoring and port terminal services or concessions: *Provided*, That the Maritime Industry Authority (MARINA) shall continue to exercise its power to regulate and supervise the shipbuilding and ship repair of any merchant marine vessel operated or to be operated in the domestic trade and the domestic shipping industry within the SEZ;
- (w) To establish and supervise one-stop shops for the issuance of all necessary permits, clearances, licenses, and other similar certifications to conduct activities, to improve ease of doing business within the SEZ, in coordination with government agencies having jurisdiction over activities in the SEZ not otherwise solely reserved to the SEZ in this Act: *Provided*, That all government agencies are directed to provide and extend utmost and full cooperation to the SEZA in the establishment of such one-stop shops;
- (x) To issue rules and regulations consistent with the provisions of this Act as may be necessary to implement and accomplish the purposes, objectives and policies provided herein;
- (y) 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
- (z) To be vested with other powers enjoyed or exercised by other freeport zone authorities.

SECTION 16. Board of Directors of the SEZA. – The powers of the SEZA 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 Chairman and Vice Chairman, both of whom shall be elected from among the members of the Board;
- (b) The Administrator, who shall in no case be at the same time, the Chairman and Vice Chairman;
- (c) Members consisting of:
 - (1) To (2) representatives from the National Government;
 - (2) One (1) representative from the Province of Siquijor;
 - (3) One (1) representative from the district covering the site of the SEZ;
 - (4) One (1) representative from the Municipality of Maria, Province of Siquijor;
 - (5) One (1) representative for the SEZA-registered domestic investors;
 - (6) One (1) representative from the SEZA-registered foreign investors;
 - and

- (7) One (1) representative from the workers employed in the SEZ:
Provided, That all members of the Board shall be Filipino citizens.

The Administrator and the members of the Board, shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner separate from service due to death, voluntary resignation and removal for cause. In case of death resignation or removal for cause, the replacement shall serve on the unused portion of the term.

No person shall be appointed by the President of the Philippines as a member of the Board unless he 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 from the field of management or public administration.

The members of the Board shall each receive *per diem* at rates to be determine 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.*

SECTION 17. Powers and Duties of the Administrator. – The powers of the SEZA 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) To direct and manage the affairs of the SEZA in accordance with the policies of the Board;
- (b) To establish the internal organization of the SEZA under such conditions that the Board may prescribe;
- (c) To submit an annual budget and necessary supplementary budget to the Board for its Board 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 SEZA;
- (f) 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 SEZ; and
- (g) To perform such other duties as may be assigned to him by the Board or which are necessary or incidental to his office.

SECTION 18. Organization and Personal. – The SEZA Board of Directors shall provide for an organizational structure and appoint employees, subject to the Civil Service Law. Upon the recommendation of the Administrator, 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. *Provided, That the salary and*

other compensation of the Administration shall be comparable with the President and the Chief Executive Officer of Clark Development Corporation: *Provided, further*, That the Board shall exercise administrative supervision over their employees.

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

SECTION 19. *Labor Center, Health and Housing.* –

- (a) A labor center shall be established within the SEZA. This center shall be responsible for studying and amicably settling professional and labor relations and disputes, interpretation of employment contracts, and monitoring work, hygiene and safety standards within the SEZ. The labor center shall comprise a labor office, an industrial health and safety office, and an inspections and disputes office;

Except as otherwise provided in this Act, labor and management relations in the SEZ shall be governed by applicable rules and regulations under the Labor Code of the Philippines, as amended. Employees and personnel in the registered enterprises shall receive salaries and benefits, and shall enjoy working conditions provided under the Labor Code and other relevant laws and issuances of the Philippine Government and the DOLE. The SEZA shall allow the visitorial power of the Secretary of the DOLE or his duly authorized representative, and may assign its personnel to join the DOLE Regional Office VII in the conduct of labor inspection.

- (b) The Department of Health shall establish, fund, operate and maintain a tertiary hospital in the SEZ;
- (c) The National Housing Authority, pursuant to its mandate, shall undertake vertical and horizontal development for the marginalized informal settlers and low income earners within the SEZ, and shall source the necessary funds thereof through National Government subsidy.

SECTION 20. *Banking Rules and Regulations.* – Existing banking laws, rules and regulations of the BSP shall apply to banks and financial institutions established in the SEZ.

SECTION 21. *Remittances.* – In the case of foreign investments, a registered enterprise in the SEZ shall have the right to remit earnings from the investment in favor of the investor and or intended beneficiary, subject to the provisions of Republic Act No. 7653, otherwise known as the “New Central Bank Act,” the manual of regulations on foreign exchange transactions, as well as other relevant rules and regulations.

SECTION 22. *Applicability Clause.* – The provisions Sections 30-41 of Republic Act No. 7616, otherwise known as “The Special Economic Zone Act of 1995,” as amended, shall likewise apply to the SEZ.

SECTION 23. Capitalization. – The capital stock to be contributed by the government, shall be:

- (a) Two Billion Five Hundred Million pesos (Php2,500,000,000.00), with option to increase capitalization upon the discretion of the SEZA;
- (b) All lands embraced and covered by the SEZ, as well as permanent improvements and fixtures upon proper inventory not otherwise alienated, conveyed, or transferred to another government agency; and
- (c) All other assets which the President may transfer to the SEZA as part of the equity contribution of the government.

SECTION 24. Supervision and Control. – For purposes of policy direction and coordination, the SEZA shall be under the direct control and supervision of the Office of the President of the Philippines.

SECTION 25. Regional Development Council. – The SEZA shall determine the development goals for the SEZ within the framework of the national development plans, policies and goals. The Administrator shall, upon approval by the Board, submit the SEZ plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SECTION 26. Relationship with Local Government Units. – Except as herein provide, the Municipality of Maria in the Province of Siquijor shall operate and function in accordance with the Local Government Code of 1991. In case of any conflict between the SEZA and the local government units (LGUs) and National Government (NG) on matters affecting the SEZ, other than defense and security matters, decision of the SEZA shall prevail.

SECTION 27. Legal Counsel. – The SEZA shall have its own internal legal counsel under the supervision of the Government Corporate Counsel. When the agencies of its business and operations demand, the SEZA may engage the services of an outside counsel either on a case-to-case or on fixed retainer basis.

SECTION 28. Interpretation Construction. – The powers, authorities and functions that are vested in the SEZA are intended to establish decentralization of governmental functions and authority and promote an efficient and effective working relationship between the SEZA, the National Government and the LGU.

SECTION 29. Audit. – The Commission on Audit shall appoint a full-time auditor in the SEZA or may assign such number of personnel as may be necessary in the performance of their functions.

SECTION 30. Implementing Rules and Regulations. – The DTI, the DOF, the LGU and the Department of the Interior and Local Government shall formulate the implementing rules and regulations of this Act within thirty (30) days after its approval. Such rules and regulations shall take effect fifteen (15) days after their publication in a newspaper of general circulation in the Philippines.

SECTION 31. *Separability Clause.* – If any provision of this Act shall be held unconstitutional or invalid, the other provisions not affected shall remain in full force and effect.

SECTION 32. *Repealing Clause.* – All laws, presidential decrees, executive orders, rules and regulations and other issuances or any part thereof which are inconsistent herewith are hereby repealed, amended or modified accordingly.

SECTION 33. *Effectivity Clause.* - This Act shall take effect fifteen (15) days following its complete publication in the *Official Gazette* or in two (2) newspaper of general circulation.

Approved.

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

HOUSE BILL No. _____

Introduced by Representative ZALDY “JECOY” S. VILLA

AN ACT
ESTABLISHING THE SQUIJOR SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF MARIA, PROVINCE OF SQUIJOR, CREATING FOR THE PURPOSE THE SQUIJOR SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

EXPLANATORY NOTE

This measure seeks for the establishment of the Siquijor Special Economic Zone (“SEZ”) in the Municipality of Maria, Province of Siquijor. It is worthy to note that there has been a steady decrease of poverty incidence in the Province of Siquijor. However, in 2022 the poverty incidence among families is 2.2%¹. There is also a steady increase in Consumer Price Index and Inflation Rate². The National Economic and Development Authority noted that among the provinces in the region, the Province of Siquijor is the only one classified as a 5th class province³. It bears emphasis, that the key drivers of growth in the region, among others, are Business Process Outsourcing, Tourism, Retail and Trade as well as Real Estate and Construction⁴.

The establishment of SEZ in the Province of Siquijor not only addresses above-mentioned negative statistics but the actual effect to the constituents and nearby regions is undeniably beneficial in more ways than one. If not totally eradicating poverty, but with the view and objective of limiting poverty at levels that the Province can adequately manage is a feat that most strive for. Through the establishment of SEZ, the drivers of growth will be fueled and redound to the benefit again by the constituents and nearby regions.

Similar to other economic zones previously established, SEZ will be a great tool for ensuring progress and sustainable development in the Province of Siquijor.

¹ Philippine Statistics Authority, Quickstat December 2022.

² Ibid.

³ <https://nro7.neda.gov.ph/wp-content/uploads/2021/11/Briefer-Central-Visayas-as-of-May-7-2020-1.pdf>

⁴ Ibid.

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

ZALDY "JECOY" S. VILLA