



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 Directors
Regions III, V, VI, VII, VIII, CARAGA, X, XII, MIMAROPA

FROM : **The Director**
Legislative Liaison Office

SUBJECT : **INVITATION AND REQUEST FOR COMMENTS ON BILLS ON ECONOMIC ZONES FROM THE COMMITTEE ON ECONOMIC AFFAIRS OF THE HOUSE OF REPRESENTATIVES**

DATE : 30 May 2023

In reference to the letter from the Committee on Economic Affairs on 25 May 2023 inviting the Department to a virtual meeting on **31 May 2023 (Wednesday), 10:00 A.M. via Zoom Video Conference Platform with Meeting ID: 915 3911 2793 and Passcode: 266286** for the initial deliberation of House Bill No. 2228 entitled: "An Act Establishing the Bulacan Airport City Special Economic Zone and Freeport, Province of Bulacan, and Appropriating Funds Therefor" introduced by Representative Joey Sarte Salceda, with Representatives Ambrosio C. Cruz, Jr.; Roy M. Loyola; Augustina Dominique "Ditse Tina" C. Pancho; Linabelle Ruth R. Villarica; Salvador A. Pleyto; Danny A. Domingo; Lorna C. Silverio; and Florida "Rida" P. Robes, as co-authors and the Consideration and Approval of the Proposed Substitute House Bills:

- a. Unnumbered House Bill in substitution of House Bill No. 98 on the proposed "Surigao City Special Economic Zone Act", introduced by Representative Robert Ace S. Barbers
- b. Unnumbered House Bill in substitution of House Bill No. 605 on the proposed "Bohol Island Special Economic Zone (BISEZ) Act", introduced by Representative Edgar M. Chatto
- c. Unnumbered House Bill in substitution of House Bill No. 1459 on the proposed "Cagayan de Oro Special Economic Zone Act", introduced by Representative Rufus B. Rodriguez

- d. Unnumbered House Bill in substitution of House Bill No. 2378 on the proposed "Southern Leyte Economic Zone Act", introduced by Representative Luz V. Mercado
- e. Unnumbered House Bill in substitution of House Bills Numbered 3471 and 5737 on the proposed "Iligan Special Economic Zone Act", introduced by Representatives Celso G. Regencia, Yedda Marie K. Romualdez, and Jude A. Acidre
- f. Unnumbered House Bill in substitution of House Bill No. 3681 on the proposed "Camarines Sur Special Economic Zone Act", introduced by Representatives Luis Raymund "Lray" Villafuerte, Jr., Miguel Luis R. Villafuerte, Tsuyoshi Anthony Horibata and Nicolas C. Enciso VIII
- g. Unnumbered House Bill in substitution of House Bill No. 3696 on the proposed "Occidental Mindoro Special Economic Zone Act", introduced by Representative Leody F. Tarriela
- h. Unnumbered House Bill in substitution of House Bill No. 3748 on the proposed "Municipality of Sarangani Special Economic Zone Act", introduced by Representative Claude P. Bautista
- i. Unnumbered House Bill in substitution of House Bill No. 3855 on the proposed "Maguindanao and Cotabato City Special Economic Zone Act", introduced by Representative Bai Dimple I. Mastura
- j. Unnumbered House Bill in substitution of House Bill No. 5236 on the proposed "Misamis Occidental Economic Zone Act", introduced by Representative Sancho Fernando "Ando" F. Oaminal
- k. Unnumbered House Bill in substitution of House Bill No. 7032 on the proposed "Aklan Special Economic Zone Act", introduced by Representative Teodorico "Nonong" T. Haresco, Jr.

In this regard, may we **request your comments and recommendations** on the above-mentioned. Kindly submit it **on or before June 2, 2023, at 5 PM through email at denrlo@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 House Bill No. 2228 for your reference. The Unnumbered House Bills will be forwarded once received by this office.

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

May 25, 2023

MS. ANTONIA YULO-LOYZAGA

Secretary

Department of Environment and Natural Resources

Visayas Avenue, Diliman

Quezon City

Dear **Secretary Yulo-Loyzaga**:

The Committee on Economic Affairs, jointly with the Committee on Trade and Industry, of the House of Representatives will conduct a virtual meeting on **31 May 2023 (Wednesday), 10:00 A.M. via Zoom Video Conference Platform with Meeting ID: 915 3911 2793 and Passcode: 266286** to discuss **House Bill No. 2228** entitled: *“An Act Establishing the Bulacan Airport City Special Economic Zone and Freeport, Province of Bulacan, and Appropriating Funds Therefor”* introduced by Representative Joey Sarte Salceda, with Representatives Ambrosio C. Cruz, Jr.; Roy M. Loyola; Augustina Dominique “Ditse Tina” C. Pancho; Linabelle Ruth R. Villarica; Salvador A. Pleyto; Danny A. Domingo; Lorna C. Silverio; and Florida “Rida” P. Robes, as co-authors.

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

In this regard, we 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 the said measure. We would appreciate receiving your **comment/position paper** on the matter on or before **29 May 2023**.

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

Very truly yours,

HON. GERARDO P. VALMAYOR, JR.

Chairperson

For the Chairperson:

ATTY. MA. LUZ CONCEPCION M. BALDUEZA

Committee Secretary



Republic of the Philippines
House of Representatives

COMMITTEE ON ECONOMIC AFFAIRS

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May 25, 2023

MS. ANTONIA YULO-LOYZAGA

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Department of Environment and Natural Resources

Visayas Avenue, Diliman

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HON. GERARDO P. VALMAYOR, JR.

Chairperson

For the Chairperson:

ATTY. MA. LUZ CONCEPCION M. BALDUEZA

Committee Secretary



**Committee on Economic Affairs
Joint with the Committee on Trade & Industry**

A G E N D A

*May 31, 2023, (Wednesday), 10:00 A.M.
via Zoom Video Conference Platform*

Meeting ID: 915 3911 2793

Password: 266286

Zoom Link: <https://zoom.us/j/91539112793?pwd=c0hNVUFnRzRhTDYxaEphUy82NW85dz09>

- I. Call to Order
- II. Roll Call/Determination of Quorum
- III. Approval of the Minutes of the Joint Meeting dated March 15, 2023
- IV. Acknowledgement of Resource Persons/Guests
- 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. Consideration and Approval of the Proposed Substitute House Bills

- a. **Unnumbered House Bill in substitution of House Bill No. 33** on the proposed “Marinduque Special Economic Zone Act” introduced by Representative Lord Allan Jay Q. Velasco
- b. **Unnumbered House Bill in substitution of House Bill No. 98** on the proposed “Surigao City Special Economic Zone Act”, introduced by Representative Robert Ace S. Barbers
- c. **Unnumbered House Bill in substitution of House Bill No. 605** on the proposed “Bohol Island Special Economic Zone (BISEZ) Act”, introduced by Representative Edgar M. Chatto
- d. **Unnumbered House Bill in substitution of House Bill No. 1459** on the proposed “Cagayan de Oro Special Economic Zone Act”, introduced by Representative Rufus B. Rodriguez
- e. **Unnumbered House Bill in substitution of House Bill No. 2378** on the proposed “Southern Leyte Economic Zone Act”, introduced by Representative Luz V. Mercado

- f. **Unnumbered House Bill in substitution of House Bills Numbered 3471 and 5737** on the proposed “Iligan Special Economic Zone Act”, introduced by Representatives Celso G. Regencia, Yedda Marie K. Romualdez and Jude A. Acidre
 - g. **Unnumbered House Bill in substitution of House Bill No. 3681** on the proposed “Camarines Sur Special Economic Zone Act”, introduced by Representatives Luis Raymund “Lray” Villafuerte, Jr., Miguel Luis R. Villafuerte, Tsuyoshi Anthony G. Horibata and Nicolas C. Enciso VIII
 - h. **Unnumbered House Bill in substitution of House Bill No. 3696** on the proposed “Occidental Mindoro Special Economic Zone Act”, introduced by Representative Leody F. Tarriela
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 - l. **Unnumbered House Bill in substitution of House Bill No. 7032** on the proposed “Aklan Special Economic Zone Act”, introduced by Representative Teodorico “Nonong” T. Haresco, Jr.
- VII. **Initial Consideration of House Bill Number 2228** entitled: “*An Act Establishing the Bulacan Airport City Special Economic Zone and Freeport, Province of Bulacan, and Appropriating Funds Therefor*” introduced by Representative Joey Sarte Salceda, with Representatives Ambrosio C. Cruz, Jr.; Roy M. Loyola; Augustina Dominique “Ditse Tina” C. Pancho; Linabelle Ruth R. Villarica; Salvador A. Pleyto; Danny A. Domingo; Lorna C. Silverio; and Florida “Rida” P. Robes, as co-authors
- VIII. Other Matter
- IX. Adjournment

Invited Guests:

<i>National Economic and Development Authority (NEDA)</i>	<i>Bangko Sentral ng Pilipinas (BSP)</i>
<i>Philippine Economic Zone Authority (PEZA)</i>	<i>Bureau of Internal Revenue (BIR)</i>
<i>Department of the Interior and Local Government (DILG)</i>	<i>Bureau of Customs (BOC)</i>
<i>Department of Trade and Industry (DTI)</i>	<i>Bureau of Immigration (BI)</i>
<i>Department of Foreign Affairs (DFA)</i>	<i>Department of Labor and Employment (DOLE)</i>
<i>Civil Aviation Authority of the Philippines (CAAP)</i>	<i>Commission on Audit (COA)</i>
<i>Philippine Amusement and Gaming Corporation (PAGCOR)</i>	<i>Local Government Units (LGUs):</i>
<i>Department of Natural Resources (DENR)</i>	<i>Municipality of Bulacan;</i>
<i>Department of Finance (DOF)</i>	<i>Province of Bulacan</i>

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

HOUSE BILL NO. 2228



Introduced by **Representative JOEY SARTE SALCEDA**

**AN ACT
ESTABLISHING THE BULACAN AIRPORT CITY
SPECIAL ECONOMIC ZONE AND FREEPORT, PROVINCE OF BULACAN,
AND APPROPRIATING FUNDS THEREFOR**

EXPLANATORY NOTE

The Bulacan Airport City Special Economic Zone and Freeport is expected to add USD 200 billion in annual Philippine export revenues, over the next decade. This is an increase of around 170% of current annual exports.

The USD 200 billion in incremental exports will come from four areas: the new airport, which at P735 billion, is the largest ever single investment in the country's history; a Silicon Valley-modelled technological hub, focused on semiconductor manufacturing and industrial goods like batteries, essential for our energy independence; a University City in tie-ups with leading universities in the US, Europe, and China; and a Medical Center with tie-ups with leading medical service providers in the world.

Considering the massive potential benefits from a project as large as the proposed ecozone, unprecedented in scale and ambition in the country's economic history, the Eighteenth Congress approved House Bill No. 7575 and submitted the same to the President for enactment.

Citing fiscal, economic, and governance concerns, however, President Ferdinand R. Marcos Jr. vetoed the measure on July 1, 2022. President Marcos was primarily concerned about its consistency with existing frameworks for fiscal and economic planning and management, as well as issues about overlaps with the powers and functions of regulatory agencies.

To address these concerns, this proposed measure, in summary, includes the following safeguards and provisions in summary:

- (a) Specific metes and bounds for the territorial coverage of the ecozone

- (b) Governance mechanisms consistent with other ecozone laws
- (c) Limiting rule-making to functions of the ecozone
- (d) Defining relationship between government agencies and the ecozone
- (e) Cost-sharing on the defense and security of the ecozone, to address fiscal sustainability concerns
- (f) Consistency of fiscal incentives framework with the Tax Code
- (g) Changes in provisions on capitalization to ensure fiscal sustainability and protect the public interest
- (h) Changes in the composition of the governing board, to ensure the primacy of public interest
- (i) General qualifications that the provisions of the charter are subject to existing laws, rules, and regulations
- (j) Audit mechanisms consistent with existing law, and protecting the authority of the Commission on Audit and the Government Commission for Government-Owned and -Controlled Corporations
- (k) Protecting the mandate of the Philippine Amusement and Gaming Corporation with respect to games and amusements
- (l) Protections against conflict of interest
- (m) Protections against abuse of investors' visa; and
- (n) Protections for agrarian reform beneficiaries

The proponent is confident that the proposed safeguards materially, if not completely, address the concerns that the President manifested to Congress in his veto message for HB 7575.

In fact, the proposed safeguards and amendments, go beyond the concerns cited in the veto message, to ensure that the ecozone, while created to encourage private investment, is pursued ultimately for the public interest.

The **proposed safeguards and amendments** are as follows:

- (1) On Section 2, Declaration of Policy
 - (a) Style edits, and emphasis on “master-planned, and value-creation-oriented” special economic zone.
- (2) On Section 3, Creation of the Bulacan Airport City Special Economic Zone and Freeport
 - (a) Clarification that the Airport City is being developed “pursuant to Section 6 of Republic Act No. 11506” to emphasize that the Ecozone has the legal mandate and authority to undertake the same; and to specify that any further mention of the Airport City in the Ecozone charter must be understood in that context.
 - (b) Specifying that the **initial metes and bounds of the ecozone shall be the “territorial jurisdiction of the Municipality of Bulakan.”**
 - (c) Proviso that “subsequent expansions of the territorial coverage of the Bulacan Ecozone shall be made through a Presidential Proclamation”
 - (d) Proviso clarifying that “acquisition of land by the Bulacan Ecozone in areas outside of its territorial coverage shall not automatically expand the same” to allay concerns that the ecozone is able to unilaterally expand its own territorial coverage.

(3) On Section 5. Governing Principles

- (a) On Item (d), regarding setting up of enterprises by “foreign citizens and companies owned by non-Filipinos in whatever proportion” we clarify that this shall be “subject to existing laws, rules, and regulations” to ensure that Constitutional and legal barriers to foreign equity are not circumvented.
- (b) On item (f), regarding acquisition of lands for “the protection of watershed areas and natural assets,” we include the purpose “ecological sustainability” apart from the existing purpose of the ecozone’s “prosperity.”
- (c) On item (f), regarding acquisition of agrarian reform lands, we include the proviso that “the acquisition by the BACSEZFA of lands distributed under the Comprehensive Agrarian Reform Program shall be subject to clearance from the Secretary of Agrarian Reform, after a process of obtaining and certifying to the existence of Free, Prior, and Informed Consent process from agrarian reform beneficiaries. The Secretary of Agrarian Reform shall issues implementing rules and regulations on the process of acquiring agrarian reform lands under this paragraph.” This addresses the President’s expressed concern on the process of acquiring agrarian reform lands.
- (d) On item (g), instead of the Philippine Economic Zone Authority drawing up the negative list of investments, we tasked the “Interagency Investment Promotion Coordination Committee (IIPCC), pursuant to the Foreign Investments Act, as amended, and other relevant laws, rules, and regulations” to undertake the same, to ensure a broader and more well-represented view of protecting the national interest. This also aligns with the new rules and regulations of the Foreign Investments Act.
- (e) On item (h) regarding the costs of securing the Bulacan Ecozone, to allay concerns about the national government having to spend for the security of private property, we included the proviso that “for the costs of securing the Bulacan Ecozone, the Office of the President, upon the recommendation of the Department of Finance, shall establish a cost-sharing scheme between the BACSEZFA and the relevant national government agencies.”

(4) Under Section 7, regarding the capitalization of the BACSEZFA, we propose the following amendments:

- (a) For capitalizing the BACSEZFA, instead of authorizing a specific capital stock and requiring the local and national governments to subscribe, we amended the section to state that “The capital of the Authority shall consist of (1) its assets and such other properties as may be contributed to the Authority by the Government to form part of capital, (2) all capitalized surplus, (3) any cash contribution by the Government, and (4) any budgetary outlay allocated and released in favor of the Authority. Thereafter, any sum as may be necessary to augment its capital outlay shall be included in the General Appropriations Act to be treated as an equity of the national government.” This also allays the fear that local governments may not have the resources to capitalize the Authority.
- (b) We also indicated other sources of capital, namely:
 - i. The annual subsidies, appropriations and/or other assets of the Bulacan Ecozone;
 - ii. The proceeds from the rent of lands, buildings, and other properties of the Bulacan Ecozone;
 - iii. The proceeds from fees, charges and other revenue-generating instruments which the Bulacan Ecozone is authorized to impose and collect under this Act,

- iv. The proceeds from bonds which the Bulacan Ecozone is authorized to float both domestic and abroad; and
 - v. The advance rentals, license fees, and other charges which the Bulacan Ecozone is authorized to impose under this Act and which an investor is willing to advance payment for.
- (c) On the share of sales to the public, we included the following safeguards
- i. The sale of shares shall be “subject to the concurrence and prescribed manner of disposition by the Secretary of Finance”
 - ii. Instead of making as much as 40% of shares available, we limited the number of shares available to the public to 20%
 - iii. We indicated that the National Government shall own no less than 60% of shares
 - iv. As a safeguard against external takeover or undue external influence, and to ensure that the public interest prevails in the governance of the Authority, we included a proviso “that the sale of shares to the public shall, in no manner, alter the composition of the BACSEZFA Board”

(5) On Section 9, Powers of the Authority

- (a) On item (d), we removed the Authority’s power to “regulate” public utilities, other services, and infrastructure, consistent with the general framework for regulation under the Public Services Act, and we inserted the condition that the powers to undertake their “establishment, construction, operation and maintenance” shall be “subject to the approval and regulation of relevant government agencies wherever applicable” to ensure that the Authority does not take away existing powers from other regulators.
- (b) On item (d), to ensure that there will be no conflict of interest in the Authority’s regulatory or supervisory and operating powers, we included the proviso that “that prior to undertaking the establishment, construction, or operation of infrastructure, utilities, or services that it will also regulate, supervise, or oversee, the Ecozone Authority shall seek and abide by a plan for mitigating potential conflicts of interest from the Governance Commission for Government-Owned and -Operated Corporations.” We also included the proviso “that detailed and comprehensive reports on compliance with the mitigation plan shall be submitted to the Commission, the Office of the President, and the Congress.”
- (c) On item (g), on the power to operate games and amusements, we included the proviso that “the operation of games and amusements covered by the charter of the Philippine Amusement and Gaming Corporation (PAGCOR), under Presidential Decree No. 1869, as amended, shall require PAGCOR approval” to protect PAGCOR’s mandate.
- (d) On item (i) on ecological protection, we limited the Authority’s role to implementing the Department of Environment and Natural Resources’s rules and regulations, and removed its rulemaking powers, consistent with the President’s veto message.
- (e) On item (o), we qualified other powers as “subject to existing laws, rules, and regulations.”
- (f) On item (p), regarding powers to “issue rules and regulations,” we limited the Authority’s power “within the exercise of its powers under this Section, subject to existing laws, rules, and regulations” consistent with the PEZA Law model.

(6) Section 10, regarding the composition of the Board of Directors

- (a) We removed the two other private sector representatives, consistent with the PEZA Law model, and to ensure that the public interest prevails
- (b) Addressing concerns from the Department of Finance, we removed the provision on per diems for the board, and replaced it with the provision that “All benefits and emoluments of the members of the Board shall be subject to existing laws, rules, and regulations, including those prescribed by the Government Commission for Government-Owned and -Controlled Corporations.”

(7) On Section 14, or the grant of investors’ visa

- (a) Scope of residency. We amended the provision allowing investors with investors visas granted by the Authority to reside anywhere in the Philippines and restricted it to “within the territorial coverage of the Bulacan Ecozone” consistent with similarly situated laws such as the Authority of the Freeport Area of Bataan.
- (b) In lieu of this provision, and to respect the authority of the Bureau of Immigration, we inserted the provision that “The Bulacan Ecozone may also recommend to the Bureau of Immigration the grant of visas providing more favorable terms of residency to a foreign national who meets the criteria under this Section.”

(8) Section 15, on fiscal incentives

- (a) We clarified that the incentives regime to be followed is Title XIII of the National Internal Revenue Code, as amended (CREATE Law);
- (b) We inserted the proviso “that the grant of fiscal incentives shall be subject to Section 292 of the National Internal Revenue Code, as amended.” This is the section that states that “The Fiscal Incentives Review Board, or the Investment Promotion Agencies, under a delegated authority from the Fiscal Incentives Review Board, shall grant the appropriate tax incentives provided in this Title to be granted to registered business enterprises only to the extent of their approved registered project or activity under the Strategic Investment Priority Plan.”

(9) On Section 16, Administration, Implementation and Monitoring of Incentives

We qualified that, apart from the TIMTA Law, the authority shall comply with “other rules, regulations, and issuances made by the Fiscal Incentives Review Board, pursuant to Chapter III, Title XIII of the National Internal Revenue Code, as amended” to ensure that subsequent guidance issued by the FIRB shall also be complied with.

(10) On Section 18, on remittances

We qualified that remittances shall be subject to “other relevant laws, rules, and regulations” apart from the New Central Bank Act to ensure consistency with Anti-Money Laundering, Anti-Terrorist Financing, and other transparency rules

(11) On Section 20, on the relationship with government

- (a) We added “the National Government” under the title, to read “Relationship with Local Government Units and the National Government”

- (b) We qualified that matters devolved to the Ecozone authority shall be “matters directly and inextricably affecting the Bulacan Ecozone” and shall be “Subject to existing laws, rules, and regulations”
- (c) On matters exclusively within the remit of government, we added “taxation” to “national defense and security.”
- (d) We added a paragraph on conflicts between the Authority and National Government Agencies within the Executive Branch. The paragraph reads, “In case of any conflict between a National Government agency within the Executive Branch and the BACSEZFA on matters directly and inextricably affecting the Bulacan Ecozone, other than taxation, national defense, or security, the decision of the Office of the President shall prevail.” This ensures that the public interest prevails in such conflicts, as should be expected considering that the Authority is still a government agency. It also contemplates conflicts where all parties are subject to the authority of the President.

(12) On Section 21, on audit

To address the President’s concerns on the authority of the Commission on Audit, we added the paragraph that “The BACSEZFA shall be subject to the audit mechanisms under Sections 24, 25, and 26 of Republic Act No. 10149 or the GOCC Governance Act. The BACSEZFA shall not be exempt from relevant laws, rules, and regulations on evaluation by the Commission on Audit.”

In view of the foregoing, the approval of this bill is urgently sought.



JOEY SARTE SALCEDA

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

Nineteenth Congress
First Regular Session

HOUSE BILL NO. 2228

Introduced by **Representative JOEY SARTE SALCEDA**

**AN ACT
ESTABLISHING THE BULACAN AIRPORT CITY
SPECIAL ECONOMIC ZONE AND FREEPORT, PROVINCE OF BULACAN,
AND APPROPRIATING FUNDS THEREFOR**

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

**CHAPTER 1
GENERAL PROVISIONS**

SECTION 1. *Short Title.* – This Act shall be known as the “Bulacan Airport City Special Economic Zone and Freeport 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 a strategically-located, master-planned, and value-creation-oriented special economic zone shall attract legitimate and productive foreign investments that generate employment and increase productivity and individual, as well as family incomes, thereby enhancing the quality of life of the Filipino people.

**CHAPTER II
CREATION OF THE ECONOMIC ZONE AND FREEPORT**

SEC. 3. *Creation of the Bulacan Airport City Special Economic Zone and Freeport.* – In accordance with declared State policy and subject to the concurrence of the affected local government units (LGUs) of Bulacan, there is hereby established a Special Economic Zone and Freeport, hereinafter referred to as the Bulacan Ecozone. The Bulacan Ecozone shall cover the domestic and international airport, the Airport City to be developed pursuant to Section 6 of Republic Act No. 11506, and lands adjacent to the Airport City within the territorial jurisdiction of the Municipality of Bulakan: *Provided*, That the lands embraced therein shall be contiguous to one another: *Provided further*, that subsequent expansions of the territorial coverage of the Bulacan Ecozone shall be made through a Presidential Proclamation: *Provided finally*, that the acquisition of land by the Bulacan Ecozone in areas outside of its territorial coverage shall not

automatically expand the same.

SEC. 4. Creation of the Bulacan Airport City Special Economic Zone and Freeport Authority. – There is hereby created a body corporate to be known as the “Bulacan Airport City Special Economic Zone and Freeport Authority” hereinafter referred to as the BACSEZFA, which shall manage and operate the Bulacan Ecozone, in accordance with the provisions of this Act. The corporate life of the Authority 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 BACSEZFA, created under Section 4 of this Act, shall manage and operate the Bulacan Ecozone under the following principles:

(a) Within the framework and limitations of the Constitution and applicable provisions of the Local Government Code, the Bulacan Ecozone shall have a domestic and international airport and be developed into and operated as a decentralized, self-reliant and self-sustaining industrial, commercial/trading, agro-industrial, tourist, banking, financial and investment center with suitable residential areas under the Airport City;

(b) The Bulacan Ecozone shall be equipped with transportation, telecommunications and other facilities needed to attract legitimate and productive investments, generate linkage industries and employment opportunities for the people of the Municipality of Bulakan and its neighboring towns and cities;

(c) The Bulacan Ecozone may establish mutually beneficial economic relations with other entities or enterprises within the country or, subject to the administrative guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority (PEZA), and/or the Department of Trade and Industry (DTI), with foreign entities or enterprises;

(d) Subjecting to existing laws, rules, and regulations, foreign citizens and companies owned by non-Filipinos in whatever proportion may set up enterprises in the Bulacan Ecozone, either by themselves or in a joint venture with Filipinos in any sector of industry, international trade and commerce within the Bulacan Ecozone;

(e) The Bulacan Ecozone shall be managed and operated as a separate customs territory thereby ensuring the free flow or movement of goods and capital within, into, and out of its territory, and shall likewise provide incentives such as tax and duty-free importations of raw materials, capital and equipment to registered enterprises located therein. However, exportation or removal of goods from the territory of the Bulacan Ecozone to the other parts of the Philippine territory shall be subject to customs duties and taxes under the Customs Modernization and Tariff Act and other relevant tax laws of the Philippines;

(f) The areas comprising the Bulacan Ecozone may be expanded or reduced when necessary through a presidential proclamation issued for the said purpose. For this purpose, the BACSEZFA, in consultation with the LGUs, shall have the power to acquire either by purchase, negotiation or condemnation proceedings, any private land within or adjacent to the Bulacan Ecozone for the following purposes: (1) consolidation of lands for zone development; (2) acquisition of right of way to the Bulacan Ecozone; and (3) emand valuable to the prosperity and ecological sustainability of the Bulacan Ecozone: Provided, that the acquisition by the BACSEZFA of lands distributed under the Comprehensive Agrarian Reform Program shall be

subject to clearance from the Secretary of Agrarian Reform, after a process of obtaining and certifying to the existence of Free, Prior, and Informed Consent process from agrarian reform beneficiaries. The Secretary of Agrarian Reform shall issues implementing rules and regulations on the process of acquiring agrarian reform lands under this paragraph;

(g) Goods manufactured by a Bulacan Ecozone enterprise shall be made available for immediate retail sale in the domestic market, subject to the payment of corresponding taxes on raw materials and other regulations that may be formulated by the BACSEZFA together with the PEZA, the Bureau of Customs (BOC) and the DTI. However, in order to protect domestic industries, a Negative List of industries shall be drawn up and regularly updated by the Interagency Investment Promotion Coordination Committee (IIPCC), pursuant to the Foreign Investments Act, as amended, and other relevant laws, rules, and regulations. Enterprises engaged in industries included in such Negative List shall not be allowed to sell their products locally;

(h) The defense of the Bulacan Ecozone and the security of its perimeter fence shall be the responsibility of the national government in coordination with the BACSEZFA and the LGUs: Provided, that, for the costs of securing the Bulacan Ecozone, the Office of the President, upon the recommendation of the Department of Finance, shall establish a cost-sharing scheme between the BACSEZFA and the relevant national government agencies.

SEC. 6. Development Goals of the Bulacan Ecozone. – The BACSEZFA shall include in its development goals for the Bulacan Ecozone the construction and operation of a domestic and international airport and allied businesses within the framework of national development plans, policies and goals. The Chairperson-Administrator shall, upon approval by the Board, submit the Bulacan Ecozone plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SEC. 7. Capitalization. – The capital of the Authority shall consist of:

(a) its assets and such other properties as may be contributed to the Authority by the Government to form part of capital;

(b) all capitalized surplus;

(c) any cash contribution by the Government; and

(d) any budgetary outlay allocated and released in favor of the Authority.

Thereafter, any sum as may be necessary to augment its capital outlay shall be included in the General Appropriations Act to be treated as an equity of the national government. Additional funding shall come from the following:

(a) The annual subsidies, appropriations and/or other assets of the Bulacan Ecozone;

(b) The proceeds from the rent of lands, buildings, and other properties of the Bulacan Ecozone;

(c) The proceeds from fees, charges and other revenue-generating instruments which the Bulacan Ecozone is authorized to impose and collect under this Act;

(d) The proceeds from bonds which the Bulacan Ecozone is authorized to float both domestic and abroad; and

(e) The advance rentals, license fees, and other charges which the Bulacan Ecozone is authorized to impose under this Act and which an investor is willing to advance payment for.

The Board of Directors of the BACSEZFA may, with the authorization of the President, and subject to the concurrence and prescribed manner of disposition by the Secretary of Finance, sell shares, representing not more than twenty per centum (20%) of the capital stock of the BACSEZFA to the general public under such policy as the Board and the Secretary of Finance may determine. The National Government shall in no case own less than sixty per centum (60%) of the total issued and outstanding capital of the BACSEZFA. Provided: that the sale of shares to the public shall, in no manner, alter the composition of the BACSEZFA Board.

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

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

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

(b) To register, regulate and supervise the enterprises in the Bulacan Ecozone in an efficient and decentralized manner, subject to existing laws;

(c) To coordinate with LGUs and exercise general supervision over the development plans, activities and operations of the Bulacan Ecozone;

(d) To undertake, subject to the approval and regulation of relevant government agencies wherever applicable, the establishment, construction, operation and maintenance of public utilities, other services, and infrastructure in the Bulacan Ecozone such as light and power, shipping, barging, stevedoring, cargo handling, hauling, warehousing, storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads, telecommunications, transport, bridges, terminals, conveyors, water supply and storage, sewerage, drainage, airport operations in coordination with the Civil Aviation Authority of the Philippines and such other services or infrastructure necessary or incidental to the accomplishment of the objectives of this Act: Provided, that prior to undertaking the establishment, construction, or operation of infrastructure, utilities, or services that it will also regulate, supervise, or oversee, the Ecozone Authority shall seek and abide by a plan for mitigating potential conflicts of interest from the Governance Commission for Government-Owned and -Operated Corporations: Provided further, that detailed and comprehensive reports on compliance with the mitigation plan shall be submitted to the Commission, the Office of the President, and the Congress;

(e) To construct, acquire, own, lease, operate and maintain on its own or through contracts, franchise, licenses, bulk purchase from the private sector or permits under any of the schemes allowed in Republic Act No. 6957, otherwise known as the Build-Operate-Transfer

Law, as amended, or joint venture, adequate facilities and infrastructure required or needed for the operation and development of the Bulacan Ecozone, in coordination with appropriate national and local government authorities and in conformity with applicable laws thereon;

(f) To approve plans, programs and projects of the Bulacan Ecozone, to be submitted to the Regional Development Council for inclusion and inputs to the overall regional development plan;

(g) To operate on its own, either directly or through licenses to others, tourism-related activities, including games, amusements, recreational and sports facilities; Provided, that the operation of games and amusements covered by the charter of the Philippine Amusement and Gaming Corporation (PAGCOR), under Presidential Decree No. 1869, as amended, shall require PAGCOR approval;

(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 Bulacan Ecozone. The rules and regulations of the Department of Environment and Natural Resources (DENR) and other government agencies involved in the above functions shall be implemented by the BACSEZFA;

(j) To create, operate or contract to operate such functional units or offices of the BACSEZFA as it may deem necessary;

(k) To adopt, alter and use a corporate seal; contract, lease, buy, acquire, own or otherwise dispose of personal and/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 Bulacan Ecozone in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI and/or 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 Bulacan 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 Bulacan Ecozone in the establishment of such one-stop shops;

(n) To provide internal security to the Bulacan Ecozone in coordination with the National government and affected LGU. For this purpose, the BACSEZFA shall provide and establish its own internal security and firefighting forces or hire others to provide the same. Military forces to be assigned by the National Government for national defense purposes shall not interfere in the internal affairs of the Bulacan Ecozone and expenditures for these military forces shall be borne by the National Government;

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

(p) To issue rules and regulations within the exercise of its powers under this Section, subject to existing laws, rules, and regulations.

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

(a) The Chairperson, who shall at the same time be the administrator of the BACSEZFA;

(b) A Vice Chairperson who shall be elected from among the Members of the Board of Directors;

(c) Members consisting of:

- (1) The Socio-economic Planning Secretary or a designated representative of the National Economic and Development Authority (NEDA);
- (2) The Secretary or a designated representative of the DTI;
- (3) The Secretary or a designated representative of the DOF;
- (4) One (1) representative from the Province of Bulacan, who shall be a public officer;
- (5) One (1) representative from the Municipality of Bulakan, who shall be a public officer;
- (6) One (1) representative from investors in the Bulacan Ecozone;
- (7) One (1) representative from the workers working in the Bulacan Ecozone.

The Chairperson 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 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.

Except for the representatives from the business and labor sectors, 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 in the field of management or public administration.

All benefits and emoluments of the members of the Board shall be subject to existing laws, rules, and regulations, including those prescribed by the Government Commission for Government-Owned and -Controlled Corporations.

SEC. 11. *Organization and Personnel.* – The Board of Directors of the BACSEZFA 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 BACSEZFA, 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 BACSEZFA, 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 BACSEZFA, subject to civil service laws and regulations, shall be removed or suspended except for cause, as provided by Civil Service Law 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 BACSEZFA in accordance with the policies of the Board;

(b) To establish the internal organization of the BACSEZFA 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 Bulacan 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 Bulacan 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 BACSEZFA shall have its own internal legal counsel under the supervision of the government corporate counsel. When the exigencies of its

businesses and operations demand it, the BACSEZFA 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/INVESTORS

SEC. 14. *Investors Visa.* – Any foreign national who invests an amount of two hundred thousand US dollars (US\$200,000.00), either in cash and/or equipment, in a registered enterprise shall be entitled to an investor's visa: Provided, That the foreign national:

- (a) Must be at least eighteen (18) years of age;
 - (b) Must not have been convicted by final judgment of a crime involving moral turpitude;
 - (c) Must not be afflicted with any loathsome, dangerous or contagious disease;
 - (d) Must not have been confined in an institution for any mental disorder or disability;
- and
- (e) Must be financial capable as borne out by credible and verifiable evidence.

A foreign national shall be granted permanent resident status within the territorial coverage of the Bulacan Ecozone while the investment subsists. To prove this, the foreign national should submit an annual report in the form duly prescribed for the purpose. Should said investments be withdrawn from the Philippines, the investor's visa issued to said foreign national shall automatically expire or be withdrawn. The Bulacan Ecozone may also recommend to the Bureau of Immigration the grant of visas providing more favorable terms of residency to a foreign national who meets the criteria under this Section.

The authority to issue visas and work permits shall remain with the Bureau of Immigration (BI) and the Department of Labor and Employment (DOLE), respectively: Provided, That the BI and the DOLE shall implement measures to expedite the processing of such visas and permits for workers in the Bulacan Ecozone and coordinate with the BACSEZFA for the purpose of improving ease of doing business.

SEC. 15. *Fiscal Incentives.* – Registered enterprises operating within the Bulacan Ecozone may apply for pertinent fiscal incentives granted under Title XIII of the National Internal Revenue Code, as amended, and for such other fiscal incentives as may be provided by law: Provided: that the grant of fiscal incentives shall be subject to Section 292 of the National Internal Revenue Code, as amended.

SEC. 16. *Administration, Implementation and Monitoring of Incentives.* – In the interest of enhancing transparency in the management and accounting of tax incentives in the Bulacan Ecozone, and ensuring the proper administration, management, enforcement, implementation and monitoring of tax incentives, the BACSEZFA shall comply with the provisions of Republic Act No. 10708, otherwise known as the "Tax Incentives Management and Transparency Act (TIMTA) and its implementing rules and regulations; and other rules, regulations, and issuances made by the Fiscal Incentives Review Board, pursuant to Chapter III, Title XIII of

the National Internal Revenue Code, as amended.

The BOC shall set up and establish a customs-controlled area outside the premises of the Bulacan Ecozone to facilitate payment of duties and taxes on goods entering the Philippine customs territory: Provided, That notwithstanding the limitations on this Act, the BACSEZFA and BOC may coordinate and jointly implement measures on border protection.

SEC. 17. *Banking Rules and Regulations.* – Banks and financial institutions to be established in the Bulacan Ecozone shall be under the supervision of the BSP and subject to existing banking laws, rules and regulations.

SEC. 18. *Remittances.* – In the case of foreign investments, a duly registered entity or enterprise within the Bulacan Ecozone shall have the right to remit earnings from the investment in the currency in which the investment was originally made and at the exchange rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653, otherwise known as “The New Central Bank Act” as amended, and other relevant laws, rules, and regulations.

CHAPTER IV NATIONAL GOVERNMENT AND OTHER ENTITIES

SEC. 19. *Supervision and Control.* – For purposes of policy direction and coordination, the BACSEZFA shall be under the direct supervision and control of the Office of the President of the Philippines.

SEC. 20. *Relationship with Local Government Units and the National Government.* – Except as herein provided, the LGUs comprising the Bulacan Ecozone shall retain their basic autonomy and identity. The Municipality of Bulakan, and the Province of Bulacan, shall operate and function in accordance with the framework of the Constitution, Local Government Code of 1991, and this Act.

Subject to existing laws, rules, and regulations, in case of conflict among the BACSEZFA and the LGUs on matters directly and inextricably affecting the Bulacan Ecozone, other than taxation, national defense and security matters, the decision of the BACSEZFA shall prevail. In case of any conflict between a National Government agency within the Executive Branch and the BACSEZFA on matters directly and inextricably affecting the Bulacan Ecozone, other than taxation, national defense, or security, the decision of the Office of the President shall prevail.

SEC. 21. *Audit.* – The Commission on Audit shall appoint a full-time auditor in the BACSEZFA or may assign such number of personnel as may be necessary in the performance of their functions. The BACSEZFA shall be subject to the audit mechanisms under Sections 24, 25, and 26 of Republic Act No. 10149 or the GOCC Governance Act. The BACSEZFA shall not be exempt from relevant laws, rules, and regulations on evaluation by the Commission on Audit.

CHAPTER V MISCELLANEOUS PROVISIONS

SEC. 22. *Interpretation and Construction.* – The powers, authorities and functions that are vested in the BACSEZFA 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 promote an efficient and effective working relationship among the BACSEZFA, the National Government and the LGUs. Any interpretation of this Act shall consider such intentions. In the event of conflict of interpretation and provided the intentions cannot be harmonized, the provisions of this Act shall be construed in favor of an interpretation that would tend to protect national security.

SEC. 23. *Applicability Clause.* – Insofar as these 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” shall likewise apply to the Bulacan Ecozone.

SEC. 24. *Implementing Rules and Regulations.* – The DTI, DOF and the NEDA shall formulate the implementing rules and regulations of this Act.

SEC. 25. *Separability Clause.* – If any provision of this Act shall be held unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force and effect.

SEC. 26. *Repealing Clause.* – All laws, executive orders or issuances or any part thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

SEC. 27. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

Approved,