

SEVENTEENTH CONGRESS)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)

HOUSE OF REPRESENTATIVES

Introduced by Representative Maximo B. Rodriguez, Jr. REGISTRATION UNIT

House Bill No. **359**

EXPLANATORY NOTE

This bill seeks to establish a special economic zone in Barangay Balubal, Cagayan de Oro City, Province of Misamis Oriental, pursuant to the general policies and guidelines set forth under Republic Act No. 7916, otherwise known as the "Special Economic Zone Act of 1995."

Cagayan de Oro City is the gateway to the island of Mindanao. It is the focal point of domestic and foreign trade as well as the export outlet of the vast agricultural products of Mindanao. The city is rich in agricultural and forest lands, mineral resources and scenic tourist spots. It has a typhoon-free climate, favorable peace and order condition and good infrastructures and utilities. These factors are conducive to sustainable growth and development.

Balubal is one of the fast-growing barangays in the eastern side of Cagayan de Oro City. Its strategic location is an ideal site for industrial, commercial and recreational centers. It can also serve as a major entry and exit point of trade considering that its neighboring barangays have numerous seaports.

The establishment of a special economic zone will alleviate and improve the economic condition of the City and the nearby provinces. The residents will be assured of local employment opportunities which will hasten the economic growth not only in the area but in the nearby provinces as well.

In line with the government's policy to encourage, promote, induce and accelerate a sound and balanced industrial, economic and social development of the country, the establishment of Cagayan de Oro Special Economic Zone is earnestly recommended.


MAXIMO B. RODRIGUEZ, JR.

HOUSE OF REPRESENTATIVES

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HOUSE OF REPRESENTATIVES

Introduced by Representative Maximo B. Rodriguez, Jr.

House Bill No. 359

AN ACT
ESTABLISHING THE CAGAYAN DE ORO SPECIAL ECONOMIC ZONE IN
BARANGAY BALUBAL, CAGAYAN DE ORO CITY, PROVINCE OF MISAMIS
ORIENTAL AND APPROPRIATING FUNDS THEREFOR

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

SECTION 1. **Short Title.** – This Act shall be known as the “Cagayan de Oro Special Economic Zone Act”.

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

SEC. 3. **Cagayan de Oro Special Economic Zone.** – There shall be established in Barangay Balubal, Cagayan de Oro City. A special economic zone under the supervision of the Philippines Economic Zone Authority (PEZA), to be known as the Cagayan de Oro Special Economic Zone, hereinafter referred to as the “Cagayan de Oro ECOZONE.”

SEC. 4. **Board of Directors.** – The powers of the Cagayan de Oro ECOZONE 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) A chairman who shall, at the same time, be the Administrator of the Cagayan de Oro ECOZONE;
- b) A vice chairman who shall come from among the members of the Board;
- c) The congressman of the 2nd District of Cagayan de Oro City;
- d) The Mayor of Cagayan de Oro City;
- e) The Barangay Captain of Barangay Balubal, Cagayan de Oro City;
- f) A representative from local or domestic investors;
- g) A representative from foreign investors; and
- h) A representative from the workers in the Cagayan de Oro ECOZONE, as members.

The Congressman of the 2nd District of Cagayan de Oro City, city mayor and barangay captain of Barangay Balubal of Cagayan de Oro City shall serve as ex-officio members of the Board whose term of office shall correspond to their terms as elected officials.

The chairman and the members of the Board, except the *ex-officio* members, shall be appointed by the President of the Philippines to serve for a term of six (6) years, unless sooner removed for cause, dies or resigns voluntarily. In case of death,

resignation or removal for cause, the replacement shall serve only the remaining portion of the term.

Except for the representative of the business and labor sectors, no person shall be appointed by the President of the Philippines as a members 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.

The members of the Board shall each receive *per diem* at a ratio to be determined by the Department of Budget and Management in accordance with existing rules and regulations.

SEC. 5. Powers and Functions. – The Board shall exercise the following powers and functions:

- a) Operate, administer, manage and develop the Cagayan de Oro ECOZONE according to the principles and provisions of this Act;
- b) Recommend to the President the issuance of a proclamation to fix and delimit the site of the Cagayan de Oro ECOZONE.
- c) Register, regulate and supervise enterprises in the Cagayan de Oro ECOZONE in an efficient manner, subject to existing laws;
- d) Coordinate with the local government units concerned and exercise general jurisdiction over the Cagayan de Oro ECOZONE;
- e) Construct, acquire, own, lease, operate and maintain on its own or through contracts or joint venture, adequate facilities and infrastructure required or needed for the operation and development of the Cagayan de Oro ECOZONE, in connection with appropriate national or local government authorities and in conformity with applicable laws;
- f) Exercise such powers as may be essential, necessary or incidental to the powers granted under this Act; and
- g) Issue rules and regulations consistent with the provisions of this Act as may be necessary to accomplish and implement the purposes of this Act.

SEC. 6. Powers and Duties of the Chairman-Administrator. – The Chairman-Administrator shall exercise the following powers and duties:

- a) Direct and manage the affairs of the Cagayan de Oro ECOZONE in accordance with the policies of the Board;
- b) Establish the internal organization of the Cagayan de Oro ECOZONE under the conditions that the Board may prescribe;
- c) Submit an annual budget and necessary supplemental budget to the Board for its approval;
- d) 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) Submit to the Board for its approval policies, systems, procedures, rules and regulations that are essential to the operation of the Cagayan de Oro ECOZONE;
- f) 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 Cagayan de Oro ECOZONE; and
- g) Perform such other duties as may be assigned by the Board or which are necessary or incidental to his office.

SEC. 7. Personnel. – The Board shall provide for an organization and staff of the Cagayan de Oro ECOZONE. Upon the recommendation of the Chairman-Administrator, the Board shall appoint and fix the remuneration and other emoluments of its officers and employees in accordance with existing laws and regulations.

No officer or employee of the Cagayan de Oro ECOZONE shall be removed or suspended except for a cause in accordance with civil service rules and regulations.

SEC. 8. **Capitalization.** – The Cagayan de Oro ECOZONE shall have an authorized capital stock of Two Hundred Million Pesos (Php20,000,000.00), the majority shares of which shall be subscribed and paid for by the national government and the local government of Cagayan de Oro City with the national government contributing 80% of the majority shares and the LGU of Cagayan de Oro City contributing 20%.

The Board of Directors of Cagayan de Oro ECOZONE, with the concurrence of the Secretary of Finance, may sell shares of not more than forty *per centum* (40%) of the capital stock of the Cagayan de Oro ECOZONE to the general public under such policy as the Board and Secretary of Finance may determine. The national government and the LGU shall in no case own less than sixty *per centum* (60%) of the total issued and outstanding capital of the Cagayan de Oro ECOZONE.

The amount necessary to subscribe and pay for the shares of the national government to the capital stock of the Cagayan de Oro ECOZONE shall be included in the annual General Appropriations Act. For the local government unit of Cagayan de Oro City, the funds shall be taken from its internal revenue allotment and other local funds.

SEC. 9. **Supervision and Control.** – For purposes of policy direction and coordination, the Cagayan de Oro ECOZONE shall be under the direct control and supervision of the Office of the President.

SEC. 10. **Regional Development Council.** – The Board of Directors shall determine the development goals for the Cagayan de Oro ECOZONE within the framework of national development plans, policies and goals. The Chairman-Administrator shall, upon approval by the Board, submit the Cagayan de Oro ECOZONE plans, programs and projects to the Regional Development Council for inclusion and inputs to the overall regional development plan.

SEC. 11. **Tax Exemption.** – The Cagayan de Oro ECOZONE is hereby declared tax exempt from the payment of all taxes, import duties, charges and costs, including service fees in any court or administrative proceedings in which it may be party.

The foregoing exemptions may, however, be entirely or partially lifted by the President of the Philippines upon the recommendation of the Secretary of Finance, not earlier than five (5) years from the effectivity of this Act, if the President shall find the Cagayan de Oro ECOZONE to be self-sustaining and financially capable by then to pay such taxes, custom duties, fees and other charges after providing for debt service requirements of the Cagayan de Oro ECOZONE and of its projected capital and operating expenditures.

SEC. 12. **Audit.** – The Commission on Audit shall appoint a representative who shall be full time auditor of the Cagayan de Oro ECOZONE and assign such number of personnel as may be necessary to assist said representative in the performance of his duties. The salaries and emoluments of the assigned auditor and personnel shall be in accordance with pertinent laws, rules and regulations.

SEC. 13. **Repealing Clause.** – All laws, decrees, executive orders, rules and regulations and other issuances, or parts thereof, inconsistent with the provisions of this Act, are hereby repealed or modified accordingly.

SEC. 14. **Separability Clause.** – If any part or provision of this Act is declared unconstitutional, or other parts or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SEC. 15. **Effectivity.** – This Act shall take effect fifteen (15) days after its publication in at least one (1) national newspaper of general circulation.

Approved,