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HOUSE OF REPRESENTATIVES

H. No. 6489

BY REPRESENTATIVES ROMUALDEZ (Y.M.), ROMUALDEZ (F.M.), GARIN (S.), GATCHALIAN, YAP (E.),
AND SALCEDA, PER COMMITTEE REPORT NO. 267

AN ACT

**CONVERTING AND EXPANDING THE LEYTE INDUSTRIAL DEVELOPMENT
ESTATE INTO THE LEYTE ECOLOGICAL INDUSTRIAL ZONE, CREATING FOR
THIS PURPOSE THE LEYTE ECOLOGICAL INDUSTRIAL ZONE AUTHORITY, AND
APPROPRIATING FUNDS THEREFOR**

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

CHAPTER 1

GENERAL PROVISIONS

SECTION 1. Short Title. – This Act shall be known as the "Leyte Ecological Industrial Zone Act."

5 **SEC. 2. Declaration of Policy.** – It is declared the policy of the State to
6 encourage, promote and accelerate the sound and balanced industrial, economic and
7 social development of the country. The establishment of special economic zones shall
8 attract legitimate and productive foreign investments in strategic locations in the country.
9 It shall generate employment and increase productivity and individual, as well as family
10 incomes, thereby enhancing the quality of life of the Filipino people.

CHAPTER II

CONVERSION AND EXPANSION OF THE ECONOMIC ZONE

SEC. 3. Conversion of the Leyte Industrial Development Estate. – The Leyte Industrial Development Estate (LIDE) located in the municipality of Isabel, Province of Leyte is hereby converted into a special economic zone, consisting of an industrial estate (IE), export processing zone (EPZ) and free trade zone to be known as the Leyte

1 Ecological Industrial Zone, hereafter referred to as LEIZ.

2 **SEC. 4. Expansion of the LEIZ.** – Subject to the concurrence of the affected
3 local government units of Leyte, the LEIZ shall be expanded to cover the following
4 areas:

- 5 (a) The land area that comprises the former Leyte Industrial Development
6 Estate, hereinafter referred to as the “LEIZ Core Area”;
7 (b) The land areas located within municipalities adjacent to the Municipality of
8 Isabel, Province of Leyte, hereinafter referred to as the “LEIZ Non-Core
9 Areas”; and
10 (c) The land area covered by the Eastern Visayas Regional Growth Center,
11 herein after referred to as the “LEIZ Tacloban North.”

12 The areas comprising the LEIZ may be expanded or reduced when necessary. For this
13 purpose, the LEIZA, with the concurrence of the appropriate and affected local
14 government units (LGUs) and the agreement of appropriate national government
15 agencies, government-owned and -controlled corporations and instrumentalities, and the
16 approval of the LEIZA Board in accordance and in compliance with existing laws and
17 local ordinances shall have the power to acquire, procure, or expand either by purchase,
18 negotiation, condemnation proceedings, or any other arrangement, any private or
19 alienable and disposable public lands and their respective water territories within the
20 territorial jurisdiction of the Province of Leyte.

21 The metes and bounds of the LEIZ Core Area, the LEIZ Non-Core Areas and the LEIZ
22 Tacloban North shall be based on the technical description and coordinates verified and
23 approved by the Land Management Bureau, the National Mapping and Resource
24 Information Authority, and other government agencies as may be provided by law.

25 In the event that the LEIZ Non-Core Area or the LEIZ Expansion Areas cover economic
26 zones of other investment promotion agencies, registered enterprises in such economic
27 zones may elect to register with the Leyte Ecological Industrial Zone Authority (LEIZA) or
28 to remain with such other investment promotion agency: *Provided*, That in no case shall
29 a registered enterprise enjoy incentives from both investment promotion agencies.

30 **SEC. 5. Governing Principles.** – The LEIZ shall be managed and operated by
31 the Leyte Ecological Industrial Zone Authority, hereafter referred to as the LEIZA, under

1 the following principles:

- 2 a) Within the framework and limitations of the Constitution and applicable provisions of
3 the Local Government Code, the LEIZ shall be developed into and operated as a
4 decentralized, self-reliant and self-sustaining industrial, commercial and trading,
5 agro-industrial, tourist, banking, financial and investment center with suitable
6 residential areas;
- 7 b) The LEIZ shall be provided with transportation, telecommunications and other
8 facilities needed to attract legitimate and productive investments, generate linkage
9 industries and employment opportunities for the people of Leyte and its neighboring
10 towns and cities;
- 11 c) The LEIZ may establish mutually beneficial economic relations with other entities or
12 enterprises within the country or, subject to the administrative guidance of the
13 Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority
14 (PEZA), and the Department of Trade and Industry (DTI), with foreign entities or
15 enterprises;
- 16 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may
17 set up enterprises in the LEIZ, either by themselves or in a joint venture with
18 Filipinos in any sector of industry, international trade and commerce within the LEIZ;
- 19 e) The LEIZ shall be managed and operated as a separate customs territory thereby
20 ensuring the free flow or movement of goods and capital within, into and out of its
21 territory, and shall likewise provide incentives such as tax and duty-free
22 importations of raw materials, capital and equipment to registered enterprises
23 located therein. However, exportation or removal of goods from the territory of the
24 LEIZ to the other parts of the Philippine territory shall be subject to customs duties
25 and taxes under Republic Act No. 10863, otherwise known as the "Customs
26 Modernization and Tariff Act" and other relevant tax laws of the Philippines;
- 27 f) Goods manufactured by a LEIZ enterprise shall be made available for immediate
28 retail sale in the domestic market, subject to the payment of corresponding taxes on
29 raw materials and other regulations that may be formulated by the LEIZA together
30 with the PEZA, the Bureau of Customs (BOC) and the DTI. However, in order to
31 protect domestic industries, a negative list of industries shall be drawn up and
32 regularly updated by PEZA. Enterprises engaged in industries included in such

1 negative list shall not be allowed to sell their products locally;

- 2 g) The defense of the LEIZ and the security of its perimeter shall be the responsibility
3 of the national government in coordination with the LEIZA and the LGUs.

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5 **CHAPTER III**
GOVERNING STRUCTURES

6 **SEC. 6. Creation of the Leyte Ecological Industrial Zone Authority (LEIZA). –**

7 There is hereby created a body corporate to be known as the "Leyte Ecological Industrial
8 Zone Authority", hereinafter referred to as the LEIZA, which shall manage and operate
9 the Leyte Ecological Industrial Zone, in accordance with the provisions of this Act. This
10 corporate franchise shall expire in fifty (50) years counted from the first year after the
11 effectivity of this Act, unless otherwise extended by Congress. It shall be organized
12 within one hundred eighty (180) days after the effectivity of this Act.

13 **SEC. 7. Capitalization. –** The LEIZA shall have an authorized capital stock of

14 Two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00)
15 each, the majority shares of which shall be subscribed and paid for by the National
16 Government and the LGUs embracing the LEIZ. The Board of Directors of the LEIZA
17 may, with the written concurrence of the Secretary of Finance, sell shares, representing
18 not more than forty *per centum* (40%) of the capital stock of the LEIZA to the general
19 public under such policy as the Board and the Secretary of Finance may determine. The
20 National Government and the LGUs shall in no case own less than sixty *per centum*
21 (60%) of the total issued and outstanding capital of the LEIZA.

22 The amount necessary to subscribe and pay for the shares of the National

23 Government to the capital stock of the LEIZA shall be included in the annual General
24 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue
25 allotment and other local funds.

26 **SEC. 8. Principal Office of the LEIZA. –** The LEIZA shall maintain its principal

27 office in Tacloban City, but it may establish offices within the Philippines as may be
28 necessary for the proper conduct of its business.

29 **SEC. 9. Powers and Functions of the LEIZA. –** The LEIZA shall have the

30 following powers and functions:

- 31 a) To operate, administer, manage and develop the LEIZ according to the principles

1 and provisions set forth in this Act;

2 b) To register, regulate and supervise the enterprises in the LEIZ in an efficient and
3 decentralized manner, subject to existing laws;

4 c) To coordinate with LGUs and exercise general supervision over the development
5 plans, activities and operations of the LEIZ;

6 d) To regulate and undertake the establishment, construction, operation and
7 maintenance of public utilities, other services, and infrastructure in the LEIZ such
8 as light and power, shipping, barging, stevedoring, cargo handling, hauling,
9 warehousing, storage of cargo, port services or concessions, piers, wharves,
10 bulkheads, bulk terminals, mooring areas, storage areas, roads,
11 telecommunications, transport, bridges, terminals, conveyors, water supply and
12 storage, sewerage, drainage, airport operations in coordination with the Civil
13 Aviation Authority of the Philippines (CAAP), and such other services or
14 concessions or infrastructure necessary or incidental to the accomplishment of the
15 objectives of this Act;

16 e) To construct, acquire, own, lease, operate and maintain on its own or through
17 contracts, franchise, licenses, bulk purchase from the private sector or permits
18 under any of the schemes allowed in Republic Act No. 6957, otherwise known as
19 the "Build-Operate-Transfer Law" as amended, or joint venture, adequate facilities
20 and infrastructure required or needed for the operation and development of the
21 LEIZ, in coordination with appropriate national and local government authorities
22 and in conformity with applicable laws thereon;

23 f) To approve plans, programs and projects of the LEIZ to be submitted to the
24 Regional Development Council (RDC) for inclusion and inputs to the overall
25 regional development plan;

26 g) To operate on its own, either directly or through licenses to others, tourism-related
27 activities, including games, amusements, recreational and sports facilities, subject
28 to the approval and supervision of the Philippine Amusement and Gaming
29 Corporation (PAGCOR);

30 h) To raise or borrow, within the limitation provided by law, and subject to the
31 approval or opinion 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 LEIZ. Notwithstanding the power of the LEIZA to create rules for such purpose, 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 LEIZA;
 - j) To create, operate or contract to operate such functional units or offices of the LEIZA 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 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 LEIZ in accordance with prevailing rules of origin and the pertinent regulations of the PEZA, the DTI and the Department of Finance (DOF);
 - m) To establish one-stop shops for the issuance of all necessary permits, clearances, licenses, and other similar certifications to conduct such activities intended to improve the ease of doing business within the LEIZ, 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 LEIZA in the establishment of such one-stop shops;
 - n) To provide internal security to the LEIZ in coordination with the National Government and affected LGU. For this purpose, the LEIZA shall provide and establish its own internal security and firefighting forces or hire others to provide the same. Military forces deployed to the LEIZ by the National Government for the purpose of defense in times of aggression, terrorism, insurgency, rebellion and similar acts shall not interfere in the internal affairs of the LEIZ and expenditures for these military forces shall be borne by the National Government;

- 1 o) To exercise such powers as may be essential, necessary or incidental to the
2 powers granted to it hereunder, as well as those that shall enable it to carry out,
3 implement and accomplish the purposes, objectives and policies of this Act; and
- 4 p) To issue rules and regulations consistent with the provisions of this Act as may be
5 necessary to accomplish and implement the purposes, objectives and policies
6 provided herein.

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

- 10 a) The Chairperson, who shall at the same time be the administrator of the LEIZA;
11 b) Four members consisting of:
12 1) The Governor or a duly-authorized representative from the Provincial
13 Government of Leyte;
14 2) The mayor of the municipality covered by the ecozone;
15 3) One (1) representative from the investor's group; and
16 4) One (1) representative from among the workers in the LEIZ.

17 The Vice-Chairperson shall be selected from among the members of the Board.
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21 The Governor or his representative and the Mayor of the municipality covered by
22 the ecozone shall serve as ex-officio Board members, and their respective terms of office
23 in the Board shall correspond to their incumbency as elected officials.

24 The Chairperson-Administrator and the members of the Board, except the ex-
25 officio members, shall be appointed by the President of the Philippines to serve for a
26 term of six (6) years, unless sooner separated from service due to death, voluntary
27 resignation or removal for cause. In case of death, resignation or removal for cause, their
28 replacements shall serve only the unexpired portion of the respective terms.

29 The Chairperson-Administrator must be a Filipino citizen, of good moral
30 character, of proven probity and integrity, and a degree-holder in any of the following
31 fields: economics, business, public administration, law, management or their equivalent,
32 and with at least ten (10) years relevant working experience in the field of management
33 or public administration.

1 The members of the Board, except the *ex-officio* members, shall each receive
2 per diem at rates to be determined by the Department of Budget and Management
3 (DBM) in accordance with existing rules and regulations: *Provided, however,* That the
4 total *per diem* collected each month shall not exceed the equivalent *per diem* for four (4)
5 meetings. Unless and until the President of the Philippines has fixed a higher amount of
6 *per diem*, the members of the Board shall receive *per diem* of not be more than Ten
7 thousand pesos (P10,000.00) for every Board meeting.

8 **SEC. 11. *Organization and Personnel.*** – The Board of Directors of the LEIZA
9 shall provide for its organization and staff. The Board shall appoint and fix the
10 remuneration and other emoluments of its officers and employees in accordance with
11 existing laws on compensation and position classification. The Board shall have
12 exclusive and final authority to promote, transfer, assign, reassign, or remove officers of
13 the LEIZA, any provision of existing law to the contrary notwithstanding. The
14 Chairperson-Administrator shall carry out the decisions of the Board.

15 The officers and employees of the LEIZA, including all members of the Board,
16 shall not engage directly or indirectly in partisan activities nor take part in any election,
17 except to vote.

18 No officer or employee of the LEIZA, subject to civil service laws and regulations,
19 shall be removed or suspended except for cause, as provided by law.

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

- 22 a) To direct and manage the affairs of the LEIZA in accordance with the policies of
23 the Board;
- 24 b) To establish the internal organization of the LEIZA under such conditions that the
25 Board may prescribe;
- 26 c) To submit an annual budget and necessary supplemental budget to the Board for
27 its approval;
- 28 d) To submit within thirty (30) days after the close of each fiscal year an annual
29 report to the Board and such other reports as may be required;

- 1 e) To submit to the Board for its approval, policies, systems, procedures, rules and
2 regulations that are essential to the operation of the LEIZ;

3 f) To recommend to the Board the remuneration and other emoluments of its
4 officers and employees in accordance with existing laws on compensation and
5 position classification;

6 g) To create a mechanism in coordination with relevant agencies for the promotion
7 of industrial peace, the protection of the environment, and the advancement of
8 the quality of life in the LEIZ; and

9 h) To perform such other duties as may be assigned by the Board or which are
10 necessary or incidental to the office.

11 **SEC. 13. Legal Counsel.** – The LEIZA shall have its own internal legal counsel
12 under the supervision of the Government Corporate Counsel. When the exigencies of
13 businesses and operations demand it, the LEIZA may engage the services of an outside
14 counsel either on a case to case or fixed retainer basis.

CHAPTER IV

INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS

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

- 21 a) Must be at least eighteen (18) years of age;
22 b) Must not have been convicted by final judgment of a crime involving moral
23 turpitude;
24 c) Must not be afflicted with any loathsome, dangerous or contagious disease;
25 d) Must not have been institutionalized for any mental disorder or disability; and
26 e) Must establish his financial capability and capacity through verifiable and credible
27 evidence.

28 A foreign national may reside in the Philippines while the investment subsists. To
29 prove this, the foreign national shall submit an annual report, in the form duly prescribed
30 for the purpose. Should said investments be withdrawn from the Philippines, the
31 investor's visa issued to said foreign national shall automatically expire and be

withdrawn.

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 LEIZ and coordinate with the LEIZA for the purpose of improving ease of doing business.

SEC. 15. *Fiscal Incentives.* – Registered enterprises of the LEIZ may be entitled to existing pertinent fiscal incentives granted under Executive Order No. 226, as amended, otherwise known as the Omnibus Investments Code of 1987.

SEC. 16. Administration, Implementation and Monitoring of Incentives. – In the interest of enhancing transparency in the management and accounting of tax incentives in the LEIZ, and ensuring the proper administration, management, enforcement, implementation and monitoring of tax incentives, the LEIZA 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.

The BOC shall set up and establish a customs-controlled area outside the premises of the LEIZ to facilitate payment of taxes on goods entering the Philippine customs territory: *Provided*, That notwithstanding the limitations in this Act, the LEIZA 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 LEIZ 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 LEIZ 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.

CHAPTER V

NATIONAL GOVERNMENT AND OTHER ENTITIES

SEC. 19. *Supervision and Control.* – For purposes of policy direction and

1 coordination, the LEIZA shall be under the direct control and supervision of the Office of
2 the President of the Philippines.

SEC. 20. Development Goals of the LEIZ. – The LEIZA shall determine the development goals of the LEIZ within the framework of national development plans, policies and goals. The Chairperson-Administrator shall, upon approval by the Board, submit the LEIZ plans, programs and projects to the RDC for inclusion and inputs to the overall regional development plan.

SEC. 21. Relationship with Local Government Units. – Except as herein provided, the LGUs comprising the Tacloban City Ecozone shall retain their basic autonomy and identity. They shall operate and function in accordance with the framework of the Constitution, Local Government Code of 1991, and this Act.

12 In case of any conflict among the LEIZA, the LGUs and the National Government
13 on matters affecting the LEIZ, other than national defense and security matters, the
14 decision of the LEIZA shall prevail.

SEC. 22. Audit. – The Commission on Audit (COA) shall appoint a full-time auditor in the LEIZA or may assign such number of personnel as may be necessary in the performance of their functions.

CHAPTER VI MISCELLANEOUS

SEC. 23. Interpretation/Construction. – The powers, authorities and functions that are vested in the LEIZA are intended to establish national self-sufficiency and self-reliance in the advancement and protection of the national integrity, enhancement of national security, decentralization of governmental functions and authority, and promotion of an efficient and effective working relationship among the LEIZA, 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.

29 **SEC. 24. Applicability Clause.** – Insofar as they are consistent with the
30 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,
31 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall

1 likewise apply to the LEIZ.

2 **SEC. 25. *Transitory Provisions.*** – All properties, assets, funds, rights,
3 obligations, and liabilities of LIDE are hereby transferred to the LEIZA except for the
4 liabilities that are not properly accounted for as per the reports coming from the
5 Commission on Audit, which shall be retained by the National Development Company.

6 The LEIZA shall carry out the transfer herein provided in a manner that will
7 ensure the least disruption of ongoing operations of the LIDE. The qualified and
8 necessary personnel of the LIDE shall be transferred to and absorbed by the LEIZA:
9 *Provided*, That the tenure, rank, salaries and privileges of such personnel are not
10 reduced or adversely affected. The personnel whose services are not retained by the
11 LEIZA shall be granted separation pay and retirement and other benefits they are
12 entitled to under existing laws, rules and regulations.

13 In the period prior to the actual assumption of duties by the LEIZA, all officers and
14 employees of the LIDE shall continue to exercise their functions and discharge their
15 duties and responsibilities. The LIDE shall be deemed abolished upon the organization
16 of LEIZA.

17 **SEC. 26. *Implementing Rules and Regulations.*** – The National Economic and
18 Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate
19 the implementing rules and regulations of this Act within ninety (90) days after its
20 approval.

21 **SEC. 27. *Separability Clause.*** – If any provision of this Act shall be held
22 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
23 force and effect.

24 **SEC. 28. *Repealing Clause.*** – All laws, executive orders or issuances or any
25 part thereof, which are inconsistent herewith, are hereby repealed or amended
26 accordingly.

27 **SEC. 29. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
28 publication in the *Official Gazette* or in a newspaper of general circulation.

29 Approved,