

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Constitution Hills, Quezon City

4
5 **EIGHTEENTH CONGRESS**
6 First Regular Session
7

8 **HOUSE BILL NO. 4285**
9
10
11



12 **Introduced by REP. JOHNNY T. PIMENTEL**
13

14 **EXPLANATORY NOTE**
15

16 The City of Bislig stands as the first city of Surigao del Sur. As the seat of Paper
17 Industries Corporation (PICOP), one of the then major industries of the
18 Philippines, it was both a national center for trade and commerce. Nevertheless,
19 with the cessation of the PICOP operations in Surigao del Sur in the 1990s, so
20 did the decline of the steady economic growth in the province.
21

22 Special economic zones were created to lay alternative areas of investment across
23 the Philippines. They are intended to disperse economic development which has
24 been confined in the main metropolitan areas. By introducing industrialization,
25 rural communities are given equitable access to the said growth giving its people
26 employment opportunities and growth. The same also contributes to the overall
27 economic development of the country in establishing competitive centers.
28

29 This Bill seeks to reintroduce decentralization, self-reliance and self-sustenance
30 to a geographic periphery of Surigao del Sur. This proposed creation of the Bislig
31 City Special Economic Zone shall again harness Bislig City and the contiguous
32 areas within and around their immediate vicinities maximizing them as an engine
33 of socio-economic development in Caraga Region.
34

35 The approval of this Bill is earnestly sought.
36
37

38 
39 **JOHNNY T. PIMENTEL**
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9 **HOUSE BILL NO. 4285**
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13
14 **AN ACT**

15 **ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE CITY OF BISLIG,**
16 **PROVINCE OF SURIGAO DEL SUR, CREATING FOR THE PURPOSE THE**
17 **BISLIG ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS**
18 **THEREOF, AND OTHER PURPOSES**
19

20 *Be it enacted by the Senate and the House of Representatives of the Philippines*
21 *in Congress assembled:*
22

23 **Section 1. Short Title.** - This Act shall be known as the "*Bislig Special*
24 *Economic Zone Act of 2019*".
25

26 **Sec. 2. Declaration of Policy.** - It is hereby declared the policy of the State
27 to actively encourage, promote, induce and accelerate the sound and balanced
28 industrial, economic and social development of the country in order to provide
29 jobs to the people, especially those in rural areas, increase their productivity
30 and their individual and family income, and thereby improve the level and
31 quality of their living conditions through the establishment, among others, of
32 special economic zones in suitable and strategic locations in the country and
33 through measures that shall effectively attract legitimate and productive
34 foreign investments.
35

36 **Sec. 3. Creation of the Bislig Special Economic Zone.** - In pursuit of the
37 foregoing declared policy and subject to the concurrence of the concerned
38 local government units (LGUs) of Bislig City affected by the zone, there is
39 hereby established a special economic zone, to be known as the Bislig
40 Ecozone. The Bislig Ecozone shall cover the entire area embraced by the City
41 of Bislig, Surigao del Sur.
42

43 **Sec. 4. Governing Principles.** - The Bislig Special Economic Zone shall be

1 managed and operated by the Bislig Special Economic Zone Authority,
2 hereinafter referred to as the BSEZA, created under Section 10 of this Act,
3 under the following principles:

- 4
- 5 A. Within the framework and limitations of the Constitution and
6 applicable provisions of the Local Government Code, the Bislig Ecozone
7 shall be developed into and operated as a decentralized, self-reliant
8 and self-sustaining industrial, commercial/trading, agro-industrial,
9 tourist, banking, financial and investment center with suitable
10 residential areas.
- 11
- 12 B. The Bislig Ecozone may establish mutually beneficial economic
13 relations with other entities or enterprises within the country or,
14 subject to the administrative guidance of the Department of Foreign
15 Affairs (DFA), the Philippine Economic Zone Authority (PEZA) and/or
16 the Department of Trade and Industry (DTI), with foreign entities or
17 enterprises.
- 18
- 19 C. Foreign citizens and companies owned by non-Filipinos in whatever
20 proportion may set up enterprises in the Bislig Ecozone, either by
21 themselves or in joint venture with Filipinos in any sector of industry,
22 international trade and commerce within the Bislig Ecozone.
- 23
- 24 D. The Bislig Ecozone shall be managed and operated as a separate
25 customs and taxation territory ensuring free flow or movement of goods
26 and capital within, into and out of its territory.
- 27

28 **Sec. 5. Incentives to Registered Enterprises.** - The Bislig Special Economic
29 Zone Authority (BSEZA) may administer the following incentives to the
30 registered enterprises located therein to the extent of the activity/project:

- 31
- 32 A. Income Tax Holiday (ITH). - Registered enterprises shall be entitled to
33 an income tax holiday from the start of their commercial operations to
34 the extent of their activity under the following categories:

35

36 **Category A** - Registered domestic enterprise located in highly developed
37 areas, as determined by the Board of Investments (BOI), shall be
38 entitled to a four-year income tax holiday.

39

40 **Category B** - Registered domestic enterprise on the following shall be
41 entitled to a six-year income tax holiday:

- 42
- 43 i. Located in less developed areas as defined by the BOI; or
44 ii. Producing/rendering new products/services or having strong
45 backward or forward linkages.
- 46

Category C - Registered export enterprise shall be entitled to a six-year income tax holiday: Provided, however, That lithe export enterprise complies with the following: (1) large capital investments or sizeable employment generation; or (2) use high level of technology; or (3) located outside Metro Manila, it shall be entitled to an eight-year income tax holiday.

Registered enterprises embarking on new investments that are listed in the current Investment Priorities Plan (IPP) shall be entitled to incentives provided herein pertaining to the new investments and subject to such terms and conditions as the BOI may determine.

For this purpose, a registered enterprise shall be defined as any person, natural or juridical, licensed to do business in the Philippines and registered with the Bislig Special Economic Zone Authority (BSEZA) to transact business within the Bislig Special Economic Zone. A registered export enterprise shall be defined as any registered enterprise engaged directly or indirectly in the production, manufacture or trade of products or services which earns at least seventy percent (70%) of its normal operating revenues from the sale of its products or services abroad for foreign currency. A registered domestic enterprise, meanwhile, shall be defined as any registered enterprise not falling under the definition of a registered export enterprise.

Additional investments in the project shall be entitled to the income tax holidays corresponding to such investments as may be determined by the BOI. Additional income tax holiday may be granted for as long as the investment is made on the same project: Provided, That the project is listed in the IPP at the same time the additional investment in the project is made: Provided, further, That the entitlement period for additional investments shall not exceed three times the period provided under this subsection: "Provided, however, That the total ITH period for an export enterprise availing of an eight-year ITH shall not exceed twenty (20) years. Any unused incentives shall therefore be deemed forfeited if not used during the incentive period.

The Bureau of Internal Revenue (BIR) shall require a registered enterprise availing of ITH or Net Operating Loss Carryover (NOLCO) to secure a certificate of eligibility from the BSEZA before submitting its income tax return (ITR) with the BSEZA for validation.

Failure to secure certification and/or to file the ITH or NOLCO availment for validation by the BSEZA within forty-five (45) days from the last day of each statutory filing date for ITR shall cause the forfeiture of the availment for the taxable period.

1 B. Net Operating Loss Carryover (NOLCO). - Net operating loss of the
2 business or enterprise during the first three (3) years from the start of
3 commercial operations which have not been previously offset as
4 deduction from gross income shall be carried over as a deduction from
5 gross income for the next five consecutive years immediately following
6 the year of such loss: Provided, however, That operating loss resulting
7 from avilment of incentives provided in this Act shall not be entitled to
8 NOLCO.

9
10 Registered enterprises availing of the ITH as herein provided shall not
11 be entitled to avail of the NOLCO.

12
13 C. Imposition of a tax rate of five percent (5%) on Gross Income Earned
14 (GIE) - Except for real property tax on land, no local and national taxes
15 as prescribed under Republic Act No. 8424, also known as "The
16 National Internal Revenue Code of 1997, as Amended" such as income
17 tax, excise tax and franchise taxes, shall be imposed on registered
18 enterprises operating within the Bislig Ecozone. In lieu thereof, five
19 percent (5%) of the gross income earned shall be paid as follows:

- 20
21 i. Two percent (2%) to the national government;
22 ii. One percent (1%) shall be remitted by the registered enterprises to
23 the treasurer's office of the Province of Surigao del Sur;
24 iii. One percent (1%) shall be remitted by the registered enterprises to
25 the City of Bislig; and
26 iv. One percent (1%) shall be remitted by the registered enterprises to
27 the BSEZA.

28
29 All persons and service establishments in the Bislig Ecozone shall be
30 subject to national and local taxes under the National Internal Revenue
31 Code of 1997, as amended, and the Local Government Code.

32
33 D. Accelerated Depreciation. - Accelerated depreciation of plant,
34 machinery and equipment that are reasonably needed and actually
35 used for the production and transport of goods and services may be
36 allowed using a rate not exceeding twice the rate which would have been
37 used had the annual allowance been computed in accordance with the
38 rules and regulations prescribed by the Secretary of Finance and the
39 provisions of the National Internal Revenue Code of 1997, as amended.

40
41 E. Capital Equipment Incentives. -

- 42
43 i. Importations of capital equipment, spare parts, tools and dye, or
44 those required for pollution abatement and control, cleaner
45 production and waste reduction including consignment thereof by
46 registered enterprises upon the effectivity of this law, shall be

1 exempted to the extent of one hundred percent (100%) of the taxes
2 and customs duties: Provided, That the imported items thereof shall
3 be used exclusively by the registered enterprise in its registered
4 activity: Provided, further, That the importation of machinery and
5 equipment and accompanying parts shall comply with the following
6 conditions:

- 7
- 8 a. They are not manufactured domestically in sufficient quantity,
9 of comparable quality and at reasonable prices;
 - 10 b. They are reasonably needed and will be used exclusively by the
11 registered enterprise in the manufacture of its products, unless
12 prior approval of the BSEZA is secured for the part time
13 utilization of said equipment in a non-registered activity to
14 maximize usage thereof Or the proportionate taxes and duties
15 are paid on a specific equipment and machinery being
16 permanently used for non-registered activities; and
 - 17 c. Approval of the BSEZA was obtained by the registered
18 enterprise for the importation of such machinery, equipment
19 and spare parts.
- 20

21 Approval of the BSEZA must be secured before any sale, transfer or
22 disposition of the imported capital equipment, machinery or spare
23 parts is made: Provided, That if such sale, transfer or disposition is
24 made within the first five (5) years from date of importation, any of
25 the following conditions must be present:

- 26
- 27 (1) the same is made to another enterprise enjoying tax and duty
28 exemption on imported capital equipment;
 - 29 (2) the same is made to another enterprise, upon the payment of any
30 taxes and duties on the net book value of the capital equipment
31 to be sold;
 - 32 (3) the exportation of the capital equipment, machinery, spare parts
33 or source documents or those required for pollution abatement
34 and control; or
 - 35 (4) proven technical obsolescence of the said equipment, machinery
36 or spare parts.
- 37

38 When the aforementioned sale, transfer or disposition is made under
39 any of the conditions provided for in the foregoing paragraphs other
40 than paragraph (2) herein, the registered firm shall not pay the taxes
41 and duties waived all such items: Provided, further, That if the
42 registered enterprises sell, transfer or dispose the aforementioned
43 imported items without prior approval within five (5) years from the
44 date of importation, the registered enterprise and the vendee,
45 transferee or assignee shall be solidarily liable to pay twice the
46 amount of the tax and duty exemption given it: Provided, finally,
47 That even if the sale, transfer or disposition of the capital equipment,

1 machinery or spare parts is approved after five years from the date
2 of importation, the registered enterprises are still liable to pay the
3 taxes and duties based on the net book value of the capital
4 equipment, machinery or spare parts if any of the registration terms
5 and conditions has been violated. Otherwise, they shall no longer be
6 subject to the payment of the taxes and duties waived thereon.
7

- 8 ii. The purchase of machinery, capital equipment, raw materials,
9 supplies, parts and semi-finished products to be used in the
10 fabrication of machinery and capital equipment by a registered
11 export-oriented enterprise from a domestic manufacturer shall be
12 subject to zero percent (0%) value-added tax.
13

14 The registered export-oriented enterprise shall be granted a tax
15 credit equivalent to the amount of duties that would have been
16 waived on the machinery, capital equipment, raw materials,
17 supplies, parts and semi-finished products used in the fabrication
18 of machinery and capital equipment, had these items been imported,
19 upon its submission to the Department of Finance (DOF) of the bill
20 of materials evidencing the transaction value of such and other
21 pertinent documents, for verification and proper endorsement.
22

23 The availment by a registered export enterprise of the incentive
24 stated under the immediately preceding two paragraphs shall be
25 subject to the following conditions: (a) that said capital equipment,
26 machinery and spare parts will be used exclusively by the registered
27 enterprise in its registered activity; (b) that the capital equipment or
28 machinery where the raw materials, supplies, parts and semi-
29 finished products were used would have qualified for tax and duty-
30 free importation; and (c) that the approval of the BSEZA is obtained
31 by the registered enterprise. If the registered enterprise sells,
32 transfers or disposes of these machineries, capital equipment and
33 spare parts, the provision in the preceding paragraphs for such
34 disposition shall apply.
35

36 This incentive shall be deemed waived if application for tax credit
37 under this subsection was not filed within one year from the date of
38 delivery,
39

- 40 F. Raw Materials Incentives. - Every registered export-oriented enterprise
41 shall enjoy a tax credit equivalent to the internal revenue taxes and
42 customs duties 'Paid on the supplies, raw materials and semi-
43 manufactured products provided the same are not sufficient in
44 quantity, quality or are not competitively priced in the Philippines and
45 which are used in the manufacture, processing or production of its
46 export products forming part thereof, exported directly and indirectly
47 by the registered export-oriented enterprise, based on the actual taxes

1 and duties paid for such materials/supplies/semi-manufactured
2 products by the registered enterprise.
3

4 This incentive shall be deemed waived if application for tax credit under
5 this subsection was not made within one year from the date of
6 exportation of the final product.
7

8 G. Incentives on Breeding Stocks and Genetic Materials. - Importation of
9 breeding stocks and genetic materials within ten (10) years from the
10 date of registration of commercial operation of the enterprise shall be
11 exempt from all taxes and duties: Provided, That such breeding stocks
12 and genetic materials are reasonably needed in the registered activity,
13 and approved by the BSEZA.
14

15 The availment of the incentives by the registered enterprise shall be
16 subject to the following: (a) that said breeding stocks and genetic
17 materials would have been qualified for tax and duty-free importation
18 under the preceding paragraph; (b) that the breeding stocks and genetic
19 materials are reasonably needed in the registered activity; (c) that
20 approval of the ASEZA has been obtained by the registered enterprise;
21 and (d) that the purchase is made within ten (10) years from the date of
22 registration of commercial operation of the registered enterprise.
23

24 This incentive shall be deemed waived if application for tax credit under
25 this subsection is not filed within one year from the date of delivery.
26

27 H. Exemption from Wharfage Dues. - The provisions of law to the contrary
28 notwithstanding, exports by a registered enterprise shall be exempted
29 from wharfage dues.
30

31 I. (1) Tax Treatment of Merchandise in the Bislig Ecozone. -
32

33 i. Except as otherwise provided in this Act, foreign and domestic
34 merchandise, raw materials, supplies, articles, equipment,
35 machineries, spare parts and wares of every description, except
36 those prohibited by law, brought into the Bislig Ecozone to be
37 sold, stored, broken up, repacked, assembled, installed, sorted,
38 cleaned, graded, or otherwise processed, manufactured, mixed
39 with foreign or domestic merchandise whether directly or
40 indirectly related in such activity, shall not be subject to
41 customs and internal revenue laws and regulations nor to local
42 tax ordinances, any provision of law to the contrary
43 notwithstanding.
44

45 ii. Merchandise purchased by a registered enterprise, from the customs
46 territory and subsequently brought into the export processing zone,

1 shall be considered as export sales and exportation thereof shall be
2 entitled to the benefits allowed by law for such transaction.

3
4 iii.Domestic merchandise sent from the Bislig Ecozone to areas outside
5 the said ecozone shall, whether or not combined with or made part of
6 other articles likewise of local origin or manufactured in the Philippines
7 while in the export processing zone, be subject to internal revenue laws
8 of the Philippines as domestic goods sold, transferred or disposed of for
9 local consumption.

10
11 iv.Merchandise sent from the Bislig Ecozone to areas outside the said
12 ecozone shall, whether or not combined with or made part of other
13 articles while in the zone, be subject to rules and regulations governing
14 imported merchandise. The duties and taxes shall be based on the value
15 of said imported materials (except when the final product is exempt).

16
17 v.Domestic merchandise on which all internal revenue taxes have been
18 paid, if subject thereto, and foreign merchandise previously imported
19 on which has been paid, or which has been admitted free of duty and
20 tax, may be taken into the Bislig Ecozone from the customs territory of
21 the Philippines and be brought back thereto free of quotas, duty or tax.

22
23 vi.Subject to such regulations respecting identity and safeguarding of the
24 revenue as the Bislig Ecozone may deem necessary when the identity of
25 an article entered into the export processing zone under the
26 immediately preceding paragraph has been lost, such article when
27 removed from the zone and taken to the customs territory shall be
28 treated as foreign merchandise entering the country for the first time,
29 under the provisions of the Tariff and Customs Code of the Philippines,
30 as amended.

31
32 vii.Articles produced or manufactured in the Bislig Ecozone and exported
33 therefrom shall, on subsequent importation into the customs territory,
34 be subject to the import laws applicable to like articles manufactured
35 in a foreign country.

36
37 viii.Unless the contrary is shown, merchandise taken out of the Bislig
38 Ecozone shall be considered for tax purposes to have been sent to
39 customs territory.

40
41
42 (2) Tax Treatment of Merchandise in Free Trade/Freeport Zone. - The Bislig
43 Ecozone shall be operated and managed as a separate customs territory
44 ensuring free flow or movement of goods within, into and exported out of the
45 free trade/freeport zone. Importations of raw materials and capital
46 equipment are tax and duty free. However, exportations or removal of goods
47 from the free trade/freeport zones to the other parts of the Philippine

1 territory shall be subject to customs and internal revenue regulations.

2

3iii. Tax Treatment of Services in the Bislig Ecozone. -

4iv.

5 v. (a) Sale of service by an entity from the customs territory to a registered
6 ecozone or free trade enterprise, or by a registered ecozone or freeport
7 enterprise to another ecozone or freeport enterprise shall be treated as
8 indirect export, and hence, entitled to the benefits allowed by law for such
9 transaction.

10

11 (b) Sale or service by a registered ecozone or freeport enterprise to the
12 customs territory shall be subject to applicable internal revenue laws
13 and regulations.

14

15

16

17 J. Employment of Foreign Nationals. - Subject to the provisions of Section
18 29 of Commonwealth Act No. 613, as amended, a registered enterprise
19 may employ foreign nationals in supervisory or technical positions for
20 a period not exceeding ten (10) years from its registration: Provided,
21 That when the majority of the capital stock of a registered enterprise is
22 owned by foreign investors, the positions of the president, treasurer and
23 general manager or their equivalents may be retained by foreign
24 nationals beyond the period set forth herein and such officer is the
25 owner or a stockholder owning at least ten percent (10%) of the
26 outstanding capital stock of the registered enterprise and he remains
27 the owner or maintains his stockholdings therein.

28

29 Foreign nationals under employment contract within the purview of this
30 incentive, their spouses and unmarried children under twenty-one (21)
31 years of age, who are not excluded by Section 29 of Commonwealth Act
32 No. 613, as amended, shall be permitted to enter and reside in the
33 Philippines during the period of employment of such foreign nationals.
34 They shall be entitled to a multiple entry visa, valid for a period of three
35 years, and shall be allowed to enter and leave the Philippines without
36 further documentary requirements other than valid passports or other
37 travel documents in the nature of passports. The validity of the multiple
38 entry visa shall be extendible yearly.

39

40 The said foreign nationals admitted under this provision, as well as
41 their respective spouses and dependents shall be exempt from: (a)
42 obtaining alien certificates of registration and immigration clearance
43 certificates; and (b) securing the Alien Employment Permit (AEP) and all
44 types of clearances, permits, licenses or their equivalents required by
45 any government department or agency.

46

Sec. 6. Incentive to Investors. - Any foreign national covered under subsection (J) of Section 5 of this Act, who invests an amount of US\$150,000.00, either in cash and/or equipment, in a registered enterprise shall be entitled to an investor's visa: Provided, That:

He is at least eighteen (18) years of age;

He has not been convicted of a crime involving moral turpitude;

He is not afflicted with any loathsome, dangerous or contagious disease; and

He has not been institutionalized for any mental disorder or disability:

Provided, further, That in securing the investor's visa, the alien-applicant shall be entitled to the same privileges provided for under subsection (J), Section 5 hereof.

As a 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.

Sec. 7. Administration, Implementation and Monitoring of Incentives. - The BSEZA shall be responsible for the administration and implementation of the incentives granted to its respective registered enterprises: Provided, That any incentive administration policy adopted by the BOI for registered enterprises shall be uniformly applied by the BSEZA.

The following are the duties and responsibilities of the BSEZA in the administration of incentives:

- A. To adopt consistent procedures of administering incentives in accordance with the guidelines established by the BOI;
- B. To adopt and implement systems and procedures affecting trade and customs policies in accordance with the requirements established by the Department of Finance (DOF) and the BOI;
- C. To submit information on registered enterprises to the DOF and the BOI as required by any of these agencies to ascertain consistency of investment policies and incentives, including their implementation as provided in paragraph (A) herein, and to ensure proper implementation of systems and procedures affecting trade and customs policies as provided in paragraph (B) herein; and

1 D. To perform all other duties and responsibilities as may be required by
2 the President of the Philippines.
3

4 For proper monitoring, the BOI shall create a single database of all incentives
5 provided by all incentives granting agencies, including the BSEZA, and all
6 information thereto. Double entry accounting shall be done by the BOI in
7 recording all incentives granted by the government for transparency
8 purposes.
9

10 **Sec. 8. Extension of Period of Availment.** - The availment period of the
11 incentives provided herein may be extended by the BSEZA, in the event that
12 the registered enterprise suffers operational force majeure or any event
13 equivalent thereto, impairing its viability: Provided, That the availment period
14 shall not exceed the duration of the said force majeure or equivalent event.
15

16 **Sec. 9. Duration of Incentives.** - Enterprises registered with the BSEZA may
17 enjoy ITH or NOLCO granted by the latter prior to the availment of the five
18 percent (5%) GIE.
19

20 Fiscal incentives under this Act shall be terminated after a cumulative period
21 of twenty (20) years from the date of registration or start of commercial
22 operation, whichever is applicable, except that it could be extended with
23 regard to industries deemed indispensable to national development.
24

25 The industries exempted from this provision shall be recommended by the
26 BOI, with the concurrence of the Secretaries of the Departments of Finance
27 and Trade and Industry.
28

29 **Sec. 10. Creation of the Bislig Special Economic Zone Authority.** - There
30 is hereby created a body corporate to be known as the Bislig Special Economic
31 Zone Authority, to be known as the BSEZA, which shall manage and operate,
32 in accordance with the provisions of this Act, the Bislig Special Economic
33 Zone. This corporate franchise shall expire in fifty (50) years counted from the
34 first day of the fifth (5th) calendar year after the effectivity of this Act, unless
35 otherwise extended by Congress. It shall be organized within one hundred
36 eighty (180) days after the effectivity of this Act.
37

38 **Sec. 11. Powers and Functions of the Bislig Special Economic Zone**
39 **Authority (BSEZA).** - The Bislig Special Economic Zone Authority shall have
40 the following powers and functions:
41

42 A. To operate, administer, manage and develop the Bislig Ecozone
43 according to the principles and provisions set forth in this Act;
44

45 B. To register, regulate and supervise the enterprises in the Bislig Ecozone
46 in an efficient and decentralized manner, subject to existing laws;
47

- 1 C. To coordinate with local government units and exercise general
2 supervision over the development plans, activities and operations of the
3 Bislig Ecozone;
4
- 5 D. To license, set fees, regulate and undertake the establishment,
6 operation and maintenance of utilities, other services and
7 infrastructure in the Bislig Ecozone such as, but not limited to, heat,
8 light and power, water supply, telecommunications, mobile, internet
9 and other data facilities, transport, toll roads and bridges, port services,
10 etc. and to fix just, reasonable and competitive rates, fares, charges and
11 prices thereof;
12
- 13 E. To construct, acquire, own, lease, operate and maintain on its own or
14 through contracts, franchise, licenses, bulk purchase from the private
15 sector or permits under any of the schemes allowed in Republic Act No.
16 6957 (the Build-Operate-Transfer Law, as amended by R.A. No. 7718),
17 or joint venture, adequate facilities and infrastructures required or
18 needed for the operation and development of the Bislig Ecozone, in
19 coordination with appropriate national and local government
20 authorities and in conformity with applicable laws thereon;
21
- 22 F. To operate on its own, either directly or through a subsidiary entity, or
23 concession or license to others, tourism-related activities, including
24 games, amusements and nature parks, recreational and sports
25 facilities;
26
- 27 G. To authorize the BSEZA to enter into mutual cooperation agreement
28 with the PEZA for the utilization of the PEZA's resources, facilities and
29 assets;
30
- 31 H. Within the limitation provided by law, to raise or borrow adequate and
32 necessary funds from local or foreign sources to finance its projects and
33 programs under this Act, and for that purpose to issue bonds,
34 promissory notes, and other forms of securities, and to secure the same
35 by a guarantee, pledge, mortgage, deed of trust, or an assignment of all
36 or part of its property or assets;
37
- 38 I. To protect, preserve, maintain and develop the virgin forests, beaches,
39 coral and coral reefs and maintain ecological balance within the Bislig
40 Ecozone through the establishment of marine, forest, wildlife and
41 botanical reservations, in cooperation with the Department of
42 Environment and Natural Resources (DENR);
43
- 44 J. To establish, operate and/or contract to operate skills training centers,
45 plant and flower nurseries, forest and sea ranger services and such
46 other necessary and functional units of offices of the BSEZA as it may
47 deem necessary;

- 1
2 K. To adopt, alter and use a corporate seal; make contracts, leases, own,
3 or otherwise dispose of personal or real property; sue and be sued; and
4 otherwise carry out its functions and duties as provided for in this Act;
5
6 L. To sue and be sued in order to carry out its duties, responsibilities,
7 privileges, powers and functions as granted and provided for in this Act
8 and to exercise the power of eminent domain for public use and public
9 purpose;
10
11 M. To authorize or undertake, on its own or through others, and to regulate
12 the establishment, operation and maintenance of public utilities,
13 services, and infrastructure in the Bislig Ecozone such as shipping,
14 barging, stevedoring, cargo, handling, warehousing, storage of cargo,
15 port services or concessions, piers, wharves, bulkheads, bulk
16 terminals, mooring areas, storage areas, roads, bridges, terminals,
17 conveyors, water supply and storage, sewerage, drainage, airport
18 operations, in coordination with the Civil Aeronautics Board, and such
19 other services or concessions or infrastructure necessary or incidental
20 to the accomplishment of the objectives of this Act: *Provided, however,*
21 *That the private investors in the Bislig Ecozone shall be given priority*
22 *in the awarding of contracts, franchises, licenses or permits for the*
23 *establishment, operation and maintenance of utilities, services and*
24 *infrastructures in the Bislig Ecozone;*
25
26 N. To issue certificates of origin for products manufactured or processed
27 in the Bislig Ecozone in accordance with prevailing rules of origin, and
28 the pertinent regulations of the PEZA, the Department of Trade and
29 Industry (DTI) and/or the DOF;
30
31 O. To undertake and carry out at its own expense the reclamation by
32 dredging, filling, or other means, of any foreshore lands bordering the
33 Bislig Ecozone and to establish, provide, construct, maintain and repair
34 proper adequate docking and harbor facilities as the BSEZA may
35 determine in consultation with the Secretary of Finance and the
36 Secretary of Public Works and Highways; and
37
38 P. To issue rules and regulations consistent with the provisions of this Act
39 as may be necessary to accomplish and implement the purposes,
40 objectives and policies provided herein.
41

42 **Sec. 12. Banking Rules and Regulations.** -Existing laws and
43 rules/regulations of the Bangko Sentral ng Pilipinas (BSP) shall apply to
44 banks and financial institutions to be established in the Bislig Ecozone, such
45 as those governing foreign exchange and other concurrent account
46 transactions (trade and non-trade), local and foreign borrowings, foreign
47 investments, establishment and operation of local and foreign banks, foreign

1 currency deposit units, offshore banking units and other financial institutions
2 under the supervision of the BSP.

3
4 **Sec. 13. Board of Directors of the Bislig Special Economic Zone**

5 **Authority.** - The powers of the Bislig Special Economic Zone Authority shall
6 be vested in and exercised by a Board of Directors, hereinafter referred to as
7 the Board, which shall be composed of the following;

8
9 A. The Chairman who shall, at the same time be the administrator of the
10 BSEZA;

11 B. A Vice Chairman who shall come from among the members of the
12 Board;

13 C. Members consisting of:

14 i. The Congressional Representative of the district covering the site of
15 the Bislig Ecozone;

16 ii. The mayor of Bislig City;

17 iii. One (1) representative from the city council;

18 iv. One (1) representative from the domestic investors;

19 v. One (1) representative from the foreign investors; and

20 vi. One (1) representatives from the labor sector chosen from the
21 workers in the Bislig Ecozone.

22
23 The Congressional Representative and the mayor of Bislig City, Province of
24 Surigao del Sur shall serve as ex officio members of the Board, whose term in
25 the Board corresponds to their terms as elected officials.

26
27 The Chairman and the members of the Board, except the ex officio members,
28 shall be appointed by the President of the Philippines to serve for a term of
29 six (6) years, unless sooner separated from service due to death, voluntary
30 resignation or removal for cause. In case of death, resignation or removal for
31 cause, the replacement shall serve only the unexpired portion of the term.

32
33 Except for the representatives of the business and labor sectors, no person
34 shall be appointed by the President of the Philippines as a member of the
35 Board unless he is a Filipino citizen, of good moral character, of proven probity
36 and integrity, and a degree-holder in any of the following fields: economics,
37 business, public administration, law, management or their equivalent, and
38 with at least ten (10) years relevant working experience preferably in the field
39 of management or public administration.

40
41 The members of the Board shall each receive per diem at a rate to be
42 determined by the Department of Budget and Management in accordance with
43 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. Unless and until the President of the Philippines has fixed a higher per diem for the members of the Board, such per diem shall not be more than Ten thousand pesos (P10,000.00) for every Board meeting.

Sec. 14. Powers and Duties of the Chairman-Administrator. - The Chairman-Administrator shall have the following powers and duties:

- A. To direct and manage the affairs of the BSEZA in accordance with the policies of the Board;
- B. To establish the internal organization of the BSEZA 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 Bislig Ecozone;
- 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 Bislig Ecozone; 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.

Sec. 15. Capitalization. - The Bislig Special Economic Zone Authority shall have an authorized capital stock of one billion (1,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00) each, the majority shares of which shall be subscribed and paid for by the National Government and the local government units (LGUs) embracing the Bislig Special Economic Zone. The board of directors of the BSEZA may, with the written concurrence of the Secretary of Finance, sell shares, representing not more than forty per centum (40%) of the capital stock of the BSEZA to the general public under such policy as the Board and the Secretary of Finance may determine. The National Government and the LGUs shall, in no case, own less than sixty per centum (60%) of the total issued and outstanding capital of the Bislig Special Economic Zone Authority.

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

Sec. 16. Supervision. - The Bislig Special Economic Zone shall be under the

1 direct control and supervision of the Philippine Economic Zone Authority
2 (PEZA) for purposes of policy direction and coordination.

3
4 **Sec. 17. Relationship with the Regional Development Council.** - The Bislig
5 Special Economic Zone Authority shall determine the development goals for
6 the Bislig Ecozone within the framework of national development plans,
7 policies and goals. The Administrator shall, upon approval by the Board,
8 submit the Bislig Ecozone plans, programs and projects to the Regional
9 Development Council for inclusion and inputs to the overall regional
10 development plan.

11
12 **Sec. 18. Relationship with Local Government Units.** - Except as herein
13 provided, the local government units comprising the Bislig Special Economic
14 Zone shall retain their basic autonomy and identity. In case of any conflict
15 between the BSEZA and, the City of Bislig on matters affecting the Bislig
16 Ecozone other than defense and security matters, the decision of the BSEZA
17 shall prevail.

18
19 **Sec. 19. Auditing.** - The Commission on Audit shall appoint a representative
20 who shall be a full time auditor of the BSEZA and assign such number of
21 personnel as may be necessary to assist said representative in the
22 performance of his/her duties. The salaries and emoluments of the assigned
23 auditor and personnel shall be in accordance with pertinent laws, rules and
24 regulations.

25
26 **Sec. 20. Separability Clause.** - If any provision of this Act shall be held
27 unconstitutional or invalid, the other provisions not otherwise affected shall
28 remain in full force and effect.

29
30 **Sec. 21. Repealing Clause.** - All laws, executive orders and issuances, or any
31 part thereof, which are inconsistent herewith are hereby repealed or amended
32 accordingly.

33
34 **Sec. 22. Effectivity Clause.** - This Act shall take effect upon its publication
35 in the Official Gazette or in at least one newspaper of general circulation.

36
37 *Approved.*