

REPUBLIC OF THE PHILIPPINES
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session

House Bill No. 5075



Introduced by **Pangasinan Fifth District Representative**
HON. RAMON V. GUICO III

EXPLANATORY NOTE

Aviation is generally considered as a positive indicator of economic development in a local area. Communities located within an airport's vicinity usually find a marked improvement on their quality of life; swift access to needed social services; effective and timely response to natural and man-made disasters; and strong economic growth, among others.

The problem, however, is that many areas in the Philippines—rural ones particularly—are deprived of such benefits, despite the myriad of potential that a local airport can unlock in these areas. This is a great disservice to our countrymen whose hopes of a better life are crushed by the lack of opportunities, or in this case, amenities to spur commercial activity on their respective hometowns. To address this, rural airports must be established in rural areas where such service is deemed necessary.

While major airports, like the NAIA, provide a variety of services, the sheer size of its overall infrastructure and the cost of building and operating one are burdens that local governments in rural areas may find too cumbersome. Rural airports on the other hand, while operationally limited, can cater to the unique needs of an area, which includes, but is not limited to: providing access to agricultural spray planes, medical transport, recreational, and emergency services. Using rural airports strategically can reduce the onslaught of congestion in major airports, reduce transportation costs, provide easier access points to tourist destinations, and allow for better personnel, service and goods delivery.

As such, this bill is proposed to address the lack of this key infrastructure in the national air transport network. Under this Act, rural airports shall be established whenever and wherever it is deemed feasible and necessary with the help of the private sector.

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


Rep. Ramon V. Guico III

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AN ACT

GRANTING THE RIGHT TO FRANCHISEES TO DEVELOP THE RURAL AIRPORT
INFRASTRUCTURE NETWORK IN THE PHILIPPINES FOR COMMERCIAL AND OTHER
PURPOSES

*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 “Rural Airport Development
Act.”

SEC. 2. *Franchisee.*—The provisions of this Act shall be available to any congressional
franchise holder engaged in rural air transport operating any type or fixed or rotary wing, land, or sea
type of aircraft.

SEC. 3. *Rural Airport.*—As used in this Act, a rural airport shall mean any runway, take-off
and landing area or seaway, not exceeding one thousand two hundred (1,200) meters in length, with a
total land area not exceeding twenty (20) hectares, which may be accessed by any type of aircraft rated
by its manufacturers to utilize the facilities.

Such airports are those which, due to the remoteness, lack the presence and continuous
operations of any government regulatory body.

Such an airport shall be so certified as a regular rural destination by any franchise.

SEC. 4. *Construction, Management, Operation, and Maintenance of Rural Airports.*—Any
franchisee may construct, manage, operate and/or maintain any rural airport in any part of the
Philippines in order to eventually make each municipality regularly accessible within easy reach of the
principal and proximate urban areas with a population of at least one hundred thousand (100,000).

SEC. 5. *Use of Provincial or Municipal Road.*—Any provincial or municipal road may be
used for take-off and landing purposes, provided these are delineated and previously approved by the
municipal or provincial government for such use, provided further, that the features of the said airport
are within the specifications and operating limits according to the manufacturers of the aircraft
employed and provided finally, that adequate safety standards are followed by the franchisee.

1 **SEC. 6. *Development of the Surrounding Area of the Airport.***—In order to encourage
2 industries to be developed within the immediately surrounding area of the airport, the franchisee may
3 establish, manage, lease, and operate the following activities: aircraft hangarage, educational facilities
4 for aircraft mechanics, pilot and personnel; warehouses, light industry, commercial and financial
5 facilities; hotel guest house and tourism facilities; and telecommunications facilities to support
6 activities, provided these facilities are within five hundred-meter (500m) radius of the runway of said
7 airports.

8 **SEC. 7. *Government Use.***—The franchisee, with the use of its own aircraft and airport facilities
9 may provide said services to any branch of the Armed Forces of the Philippines (AFP) or any
10 government agency to be compensated either in cash or in the equivalent amount of aviation fuel to be
11 drawn from any government branch or agency in areas where these are available within terms mutually
12 acceptable to both parties.

13 **SEC. 8. *Right to Operate.***—To relieve the government of the expenses in maintaining rural
14 airports and other missionary destinations, and as a variation of the Build-Operate-Transfer Law, the
15 franchisee may take-over the management, maintenance, and operation of any existing government
16 agency-operated rural airport, provided that the franchisee's own annual operating costs of operating
17 and maintaining said airport, adjusted for an annual increment not to exceed ten percent (10%) per
18 annum. All subsequent operating expenses of the airport and the air terminal shall be for the account of
19 the franchisee. The savings to the government agency due to the relief from operating the airport and
20 terminal may be employed for other airport projects elsewhere.

21 **SEC. 9. *Right to Purchase or Lease.***—The franchisee shall have the right to purchase and/or
22 lease, whichever is applicable and available, adequate space at any government or government agency-
23 owned airport, aerodome, or air terminal for purposes of linking the rural air transport system with
24 national and international flight and providing necessary support services.

25 **SEC. 10. *Insurance Coverage.***—The franchisee shall be required to cover all passengers and
26 cargo with insurance as specified by the Civil Aviation Authority of the Philippines (CAAP). Any third
27 party liability of the franchisee shall be limited to the amount of the insurance cover so specified.

28 **SEC. 11. *Franchisee as Deputy of CAAP.***—Whenever the Civil Aviation Authority of the
29 Philippines (CAAP) is not present in any airport point of origin or destination within the Philippines,
30 the franchisee shall automatically assume the status as the deputy of the CAAP for air safety purposes.
31 The franchisee, as well as the airports operated by the franchisee shall not be subject to any restrictive
32 operations by any government agency except those that pertain to the national interest. Regular reports
33 on all airports operated by the franchisee shall be made by the franchisee to the CAAP.

34 **SEC. 12. *Full Authority to Administer.***—The franchisee shall exercise authority as may be
35 necessary within its premises or airports of operation and carry out its functions, provided that the
36 Franchisee may request the assistance of law enforcement agencies, including deputization may be
37 required. Such authority shall be exercised in connection with the following:

- 38 a. Maintenance of safety and security to passengers, cargos, aircraft, airport
39 equipment, structures, facilities, personnel, funds and documents;
- 40 b. Regulating entry to, exit from and movement within the airports;

1 c. Maintenance of peace and order within the premises;

2 d. Contracting of private security agencies;

3 e. Removal of natural obstructions that affect safety of takeoff and landing such as
4 trees without need for government clearances; and

5 f. Enforcement of the rules and regulations promulgated by the franchisee pursuant to
6 the law.

7 In case of emergencies or imminent danger involving national security within the airport
8 premises, the Philippine Air Force Security Command shall take charge.

9 **SEC. 13. Tax Incentives.**—The franchisee as operator of rural airport, shall be exempt from
10 any and all taxes, including income, capital gains, lease, rental, gross, value-added, *ad valorem*,
11 compensating, import and export duties on its aircraft parts and maintenance and overhauling
12 equipment, interest on loans and dividends on investment contracted or granted, fuel, oil and real-estate
13 taxes. In lieu of said taxes, the franchisee shall pay the government, through the National Treasury, ten
14 (10%) percent of the gross revenue charged for all landing and take-off fees being charged on certified
15 rural airports.

16 **SEC. 14. Authority to Offset.**—The provisions of the existing laws to the contrary
17 notwithstanding, the Secretary of Budget and Management and/or the National Treasurer are hereby
18 authorized to offset any outstanding obligation of the franchisee as the operator of rural airport to any
19 agency or instrumentality of the government, including those incurred in the construction and
20 maintenance of certified rural airports.

21 **SEC. 15. Proceeds of the Offset.**—The franchisee shall be authorized to purchase, lease,
22 construct, rehabilitate, modernize, improve rural airports as defined in this Act and apply the to offset
23 in accordance with Section 13 its expenses, provided that the amounts do not exceed fifty percent
24 (50%) of the equivalent costs of the government airport nearest to the certified rural airport. The
25 franchisee shall also be authorized to manage, maintain, and administer said rural airports and apply its
26 costs of management, administration, and maintenance to its right to offset under Section 14, provided
27 that such costs do not exceed fifty percent (50%) of the current management, administration, and
28 maintenance costs of the government airport nearest to the certified rural airports.

29 **SEC. 16. Leniency Clause.**—The franchisee shall be required to comply with the provisions of
30 Presidential Decree No.442 as amended, subject however to periodic review by the Department of
31 Labor and Employment.

32 **SEC.17. No Disruption Policy.**—As the rural airport is vital to the air transport system in
33 particular and the economy in general, its operations may not be disrupted by any agency unless
34 specifically approved by the President of the Philippines and such disruptions shall not exceed thirty
35 (30) days for any one occasion.

36 **SEC. 18. Duration of Privilege.**—These powers and privileges herein presented to an eligible
37 franchisee shall be valid for fifty (50) years and renewable for another fifty (50) years, unless
38 invalidated by Congress.

1 **SEC. 19. *Penalty.***—Violators of this Act shall be subjected to a fine of not more than five-
2 hundred thousand pesos (P500,000) or imprisonment for six months, or both, for any offense against
3 the provisions of this Act.

4 **SEC. 19. *Repealing Clause.***—All laws, decrees, executive orders or parts thereof inconsistent
5 with the provisions of this Act is hereby repealed or modified accordingly.

6 **SEC. 20. *Separability Clause.***—If any part or provision of this Act is declared invalid or
7 unconstitutional, the other parts not otherwise affected shall remain in full effect and force.

8 **SEC. 21. *Effectivity.***—This Act shall take effect fifteen (15) days after its publication in the
9 Official Gazette or at least two newspapers of general circulation.

Approved,