



HOUSE OF REPRESENTATIVES

H. No. 9091

BY REPRESENTATIVES PIMENTEL, GARCIA (G.), BIRON, ANDAYA AND SUANSING (E.),
PER COMMITTEE REPORT NO. 1247

AN ACT
ESTABLISHING THE SPECIAL ECONOMIC ZONE IN THE CITY OF BISLIG,
PROVINCE OF SURIGAO DEL SUR, CREATING FOR THIS PURPOSE THE BISLIG
SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS
THEREFOR

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

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CHAPTER 1
GENERAL PROVISIONS

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SECTION 1. *Short Title.* - This Act shall be known as the "Bislig Special Economic Zone Act."

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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 special economic zones shall attract legitimate and productive foreign investments in strategic locations in the country. It shall generate employment and increase productivity and individual, as well as family incomes, thereby enhancing the quality of life of the Filipino people.

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CHAPTER II
CREATION OF THE ECONOMIC ZONE

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SEC. 3. *Creation of the Bislig Special Economic Zone.* - In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of Surigao del Sur affected by the zone, there is hereby established a Special Economic Zone, hereinafter referred to as the Bislig Ecozone. The

1 Bislig Ecozone shall cover a particular area located in the City of Bislig, Surigao del Sur.
2 The specific metes and bounds of the Bislig Ecozone shall be more particularly defined
3 in a presidential proclamation that shall be issued for this purpose: *Provided*, That the
4 lands embraced therein shall be public lands and contiguous to one another.

5 **SEC. 4. Creation of the Bislig Special Economic Zone Authority (BSEZA).** -

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

12 **SEC. 5. Governing Principles.** - The Bislig Ecozone shall be managed and

13 operated by the Bislig Special Economic Zone and Freeport Authority, hereinafter
14 referred to as the BSEZA, created under Section 4 of this Act, under the following
15 principles:

- 16 a) Within the framework and limitations of the Constitution and applicable provisions of
17 the Local Government Code, the Bislig Ecozone shall be developed into and
18 operated as a decentralized, self-reliant and self-sustaining industrial,
19 commercial/trading, agro-industrial, tourist, banking, financial and investment center
20 with suitable residential areas;
- 21 b) The Bislig Ecozone shall be provided with transportation, telecommunications and
22 other facilities needed to attract legitimate and productive investments, generate
23 linkage industries and employment opportunities for the people of Surigao del Sur
24 and its neighboring towns and cities;
- 25 c) The Bislig Ecozone may establish mutually beneficial economic relations with other
26 entities or enterprises within the country or, subject to the administrative guidance of
27 the Department of Foreign Affairs (DFA), the Philippine Economic Zone Authority
28 (PEZA), and/or the Department of Trade and Industry (DTI), with foreign entities or
29 enterprises;
- 30 d) Foreign citizens and companies owned by non-Filipinos, in whatever proportion,
31 may set up enterprises in the Bislig Ecozone, either by themselves or in a joint
32 venture with Filipinos in any sector of industry, international trade and commerce

1 within the Bislig Ecozone;

2 e) The Bislig Ecozone shall be managed and operated as a separate customs territory
3 thereby ensuring the free flow or movement of goods and capital within, into and out
4 of its territory, and shall likewise provide incentives such as tax and duty-free
5 importations of raw materials, capital and equipment to registered enterprises
6 located therein. However, exportation or removal of goods from the territory of the
7 Bislig Ecozone to the other parts of the Philippine territory shall be subject to
8 customs duties and taxes under Republic Act No. 10863, otherwise known as the
9 "Customs Modernization and Tariff Act" and other relevant tax laws of the
10 Philippines;

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12 f) The areas comprising the Bislig Ecozone may be expanded or reduced when
13 necessary. For this purpose, the Bislig Ecozone, in consultation with the LGUs,
14 shall have the power to acquire either by purchase, negotiation or condemnation
15 proceedings, any private land within or adjacent to the Bislig Ecozone for the
16 following purposes: (1) consolidation of lands for zone development; (2) acquisition
17 of right of way to the Bislig Ecozone; and (3) the protection of watershed areas and
18 natural assets valuable to the prosperity of the Bislig Ecozone;

19 g) Goods manufactured by a Bislig Ecozone enterprise shall be made available for
20 immediate retail sale in the domestic market, subject to the payment of
21 corresponding taxes on raw materials and other regulations that may be formulated
22 by the BSEZA together with the PEZA, the Bureau of Customs (BOC) and the DTI.
23 However, in order to protect domestic industries, a Negative List of industries shall
24 be drawn up and regularly updated by PEZA. Enterprises engaged in industries
25 included in such Negative List shall not be allowed to sell their products locally;

26 h) The defense of the Bislig Ecozone and the security of its perimeter fence shall be
27 the responsibility of the National Government in coordination with the BSEZA and
28 the LGUs.

29 **SEC. 6. Capitalization.** - The BSEZA shall have an authorized capital stock of
30 One billion (1,000,000,000) no par shares with a minimum issue of Ten pesos (₱10.00)
31 each, the majority shares of which shall be subscribed and paid for by the National
32 Government and the LGUs embracing the Bislig Ecozone. The Board of Directors of the
33 BSEZA may, with the written concurrence of the Secretary of Finance, sell shares,
34 representing not more than forty *per centum* (40%) of the capital stock of the BSEZA to

1 the general public under such policy as the Board and the Secretary of Finance may
2 determine. The National Government and the LGUs shall in no case own less than sixty
3 *per centum* (60%) of the total issued and outstanding capital of the BSEZA.

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

8 **SEC. 7. *Principal Office of the BSEZA.*** - The BSEZA shall maintain its principal
9 office in the City of Bislig, Province of Surigao Del Sur, but it may establish branches
10 within the Philippines as may be necessary for the proper conduct of its business.

11 **SEC. 8. *Powers and Functions of the BSEZA.*** - The BSEZA shall have the
12 following powers and functions:

- 13 a) To operate, administer, manage and develop the Bislig Ecozone according to the
14 principles and provisions set forth in this Act,
- 15 b) To register, regulate and supervise the enterprises in the Bislig Ecozone in an
16 efficient and decentralized manner, subject to existing laws;
- 17 c) To coordinate with LGUs and exercise general supervision over the development
18 plans, activities and operations of the Bislig Ecozone;
- 19 d) To regulate and undertake the establishment, construction, operation and
20 maintenance of public utilities, other services, and infrastructure in the Bislig
21 Ecozone such as heat, light and power, shipping, barging, stevedoring, cargo
22 handling, hauling, warehousing, storage of cargo, port services or concessions,
23 piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
24 telecommunications, transport, bridges, terminals, conveyors, water supply and
25 storage, sewerage, drainage, airport operations in coordination with the Civil
26 Aviation Authority of the Philippines (CAAP), and such other services or
27 concessions or infrastructure necessary or incidental to the accomplishment of the
28 objectives of this Act;
- 29 e) To construct, acquire, own, lease, operate and maintain on its own or through
30 contracts, franchise, licenses, bulk purchase from the private sector or permits
31 under any of the schemes allowed in Republic Act No. 6957, otherwise known as

1 the "Build-Operate-Transfer Law" as amended, or joint venture, adequate facilities
2 and infrastructure required or needed for the operation and development of the
3 Bislig Ecozone, in coordination with appropriate national and local government
4 authorities and in conformity with applicable laws thereon;

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

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

12 h) To raise or borrow, within the limitation provided by law, and subject to the
13 approval or opinion of the Monetary Board of the *Bangko Sentral Ng Pilipinas*
14 (BSP), as the case may be, adequate and necessary funds from local or foreign
15 sources, to finance its projects and programs under this Act and for this purpose,
16 to issue bonds, promissory notes and other forms of securities, and to secure the
17 same by a guarantee, pledge, mortgage, deed of trust or an assignment of all or
18 part of its property or assets;

19 i) To protect, preserve, maintain and develop the forests, beaches, coral and coral
20 reefs, and maintain ecological balance within the Bislig Ecozone. Notwithstanding
21 the power of the Bislig Ecozone to create rules for such purpose, the rules and
22 regulations of the Department of Environment and Natural Resources (DENR) and
23 other government agencies involved in the above functions shall be implemented
24 by the BSEZA;

25 j) To create, operate and/or contract to operate such functional units or offices of the
26 BSEZA as it may deem necessary;

27 k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own or
28 otherwise dispose of personal and/or real property of whatever nature, sue and be
29 sued, and otherwise carry out its functions and duties as provided for in this Act;

30 l) To issue certificates of origin for products manufactured or processed in the Bislig
31 Ecozone in accordance with prevailing rules of origin and the pertinent regulations

- 1 of the PEZA, the DTI and/or the Department of Finance (DOF);
- 2 m) To establish one-stop shops for the issuance of all necessary permits, clearances,
3 licenses, and other similar certifications to conduct such activities intended to
4 improve the ease of doing business within the Bislig Ecozone, in coordination with
5 government agencies having jurisdiction over activities therein: *Provided*, That all
6 government agencies are directed to provide and extend utmost and full
7 cooperation to the Bislig Ecozone in the establishment of such one-stop shops;
- 8 n) To provide internal security to the Bislig Ecozone in coordination with the National
9 Government and affected LGU. For this purpose, the BSEZA shall provide and
10 establish its own internal security and firefighting forces or hire others to provide
11 the same. Military forces sent by the National Government for the purpose of
12 defense shall not interfere in the internal affairs of the Bislig Ecozone and
13 expenditures for these military forces shall be borne by the National Government;
- 14 o) To exercise such powers as may be essential, necessary or incidental to the
15 powers granted to it hereunder, as well as those that shall enable it to carry out,
16 implement and accomplish the purposes, objectives and policies of this Act; and
- 17 p) To issue rules and regulations consistent with the provisions of this Act as may be
18 necessary to accomplish and implement the purposes, objectives and policies
19 provided herein.

20 **SEC. 9. Board of Directors of the BSEZA.** - The powers of the BSEZA shall
21 be vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
22 which shall be composed of the following:

- 23 a) The Chairperson, who shall at the same time be the administrator of the BSEZA;
- 24 b) The Board consists of the following as members:
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- 26 1) The Governor or a duly-authorized representative from the Provincial
27 Government of Surigao del Sur;
- 28 2) The mayor of the City of Bislig;
- 29 3) One (1) representative from the investor's group; and
- 30 4) One (1) representative from among the workers in the ecozone.

31 The Vice-Chairperson shall be selected from among the members of the Board.

1 The representative from the Provincial Government of Surigao del Sur and the
2 mayor of the city covered by the ecozone shall serve as *ex-officio* members of the
3 Board, whose terms in the Board correspond to their terms as elected officials.

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

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

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

21 **SEC. 10. Organization and Personnel.** – The Board of Directors of the BSEZA
22 shall provide for its organization and staff. The Board shall appoint and fix the
23 remuneration and other emoluments of its officers and employees in accordance with
24 existing laws on compensation and position classification. The Board shall have
25 exclusive and final authority to promote, transfer, assign, reassign, or remove officers of
26 the BSEZA, any provision of existing law to the contrary notwithstanding. The
27 Chairperson-Administrator shall carry out the decisions of the Board.

28 The officers and employees of the BSEZA, including all members of the Board,
29 shall not engage directly or indirectly in partisan activities nor take part in any election,
30 except to vote.

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

3 **SEC. 11. Powers and Duties of the Chairperson-Administrator.** - The
4 Chairperson-Administrator shall have the following powers and duties:

- 5 a) To direct and manage the affairs of the BSEZA in accordance with the policies of
6 the Board;
- 7 b) To establish the internal organization of the BSEZA under such conditions that the
8 Board may prescribe;
- 9 c) To submit an annual budget and necessary supplemental budget to the Board for
10 its approval;
- 11 d) To submit within thirty (30) days after the close of each fiscal year an annual report
12 to the Board and such other reports as may be required;
- 13 e) To submit to the Board for its approval, policies, systems, procedures, rules and
14 regulations that are essential to the operation of the Bislig Ecozone;
- 15 f) To recommend to the Board the remuneration and other emoluments of its officers
16 and employees in accordance with existing laws on compensation and position
17 classification;
- 18 g) To create a mechanism in coordination with relevant agencies for the promotion of
19 industrial peace, the protection of the environment, and the advancement of the
20 quality of life in the Bislig Ecozone; and
- 21 h) To perform such other duties as may be assigned by the Board or which are
22 necessary or incidental to the office.

23 **SEC. 12. Legal Counsel.** - The BSEZA shall have its own internal legal counsel
24 under the supervision of the Government Corporate Counsel. When the exigencies of
25 businesses and operations demand it, the BSEZA may engage the services of an
26 outside counsel either on a case to case or on a fixed retainer basis.

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CHAPTER III
INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS

3 **SEC. 13. Investors Visa.** - Any foreign national who invests an amount of Two
4 hundred thousand US dollars (US\$200,000.00), either in cash and/or equipment, in a
5 registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign
6 national has the following qualifications:

- 7 a) Must be at least eighteen (18) years of age;
8 b) Must not have been convicted by final judgment of a crime involving moral
9 turpitude;
10 c) Must not be afflicted with any loathsome, dangerous or contagious disease;
11 d) Must not have been institutionalized for any mental disorder or disability; and
12 e) Must establish his financial capability and capacity through verifiable and credible
13 evidence.

14 A foreign national may reside in the Philippines while the investment herein
15 required subsists. To prove this, the foreign national should submit an annual report in
16 the form duly prescribed for the purpose. Should said investments be withdrawn from the
17 Philippines, then the investor's visa issued to said foreign national shall automatically
18 expire and /or be withdrawn.

19 The authority to issue visas and work permits shall remain with the Bureau of
20 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively;
21 *Provided*, That the BI and the DOLE shall implement measures to expedite the
22 processing of such visas and permits for workers in the Bislig Ecozone and coordinate
23 with the BSEZA for the purpose of improving ease of doing business.

24 **SEC.14. Fiscal Incentives.** - Registered enterprises operating within the Bislig
25 Ecozone may be entitled to the existing pertinent fiscal incentives as provided for under
26 Republic Act No. 7916, as amended by Republic Act No. 8748, also known as the
27 Special Economic Zone Act of 1995, or those provided under Executive Order No. 226,
28 as amended, otherwise known as the Omnibus Investment Code of 1987; and/or those
29 that may be further granted as the need and necessity arises by the appropriate
30 government department, agency or office: *Provided*, That in the administration,
31 implementation and monitoring of incentives, the BSEZA may impose its own conditions
32 not otherwise prohibited by this Act: *Provided, further*, That the BSEZA shall not be

1 limited to the conditions provided under Republic Act No. 7916, Republic Act No. 8748 or
2 any other related issuance, rule or regulation.

3 **SEC. 15. Imposition of a Tax Rate of Five Percent (5%) on Gross Income**
4 **Earned.** - No taxes, local and national, shall be imposed on business establishments
5 operating within the Bislig Ecozone, including income tax, withholding tax, donor's tax,
6 percentage tax, and documentary stamp tax. In lieu thereof, and subject to Section 17 of
7 this Act, said business establishments shall pay a five percent (5%) final tax on their
8 gross income earned: *Provided*, That the proceeds from such final tax shall be shared by
9 instrumentalities of the government in accordance with the following schedule:

- 10 a) Three *per centum* (3%) to the National Government;
- 11 b) Two *per centum* (2%) shall be directly remitted by the business establishments to
12 the treasurer's office of the municipality or city where the enterprise is located.

13 The BSEZA shall have the authority to grant income tax holiday (ITH) and net
14 operating loss carry over subject to Section 17 of this Act and conditions as it may have
15 imposed pursuant to Section 14 of this Act.

16 **SEC. 16. Administration, Implementation and Monitoring of Incentives.** - In
17 the interest of enhancing transparency in the management and accounting of tax
18 incentives in the Bislig Ecozone and ensuring the proper administration, implementation
19 and monitoring of tax incentives provided under this law, the BSEZA shall comply with
20 the provisions of Republic Act No. 10708, otherwise known as the "Tax Incentives
21 Management and Transparency Act (TIMTA)" and its implementing rules and
22 regulations.

23 The BOC shall set up and establish a customs controlled area outside the gate
24 of the Bislig Ecozone to facilitate payment of taxes on goods entering the Philippine
25 customs territory: *Provided further*, That notwithstanding the limitations in this Act, the
26 BSEZA and BOC may coordinate and jointly implement measures on border protection.

27 **SEC.17. Duration of Incentives.** - Fiscal incentives under this Act shall be
28 terminated after a cumulative period of twenty (20) years from date of registration or start
29 of commercial operation, whichever is applicable, except that it could be extended with
30 regard to industries deemed indispensable to national development and interest. The
31 industries exempted from this provision shall be determined by the BSEZA, in
32 consultation with other government agencies.

1 development plan.

2 **SEC. 24. Relationship with Local Government Units.** – Except as herein
3 provided, the LGUs comprising the Bislig Ecozone shall retain their basic autonomy and
4 identity. The City of Bislig, Province of Surigao del Sur, shall operate and function in
5 accordance with the framework of the Constitution, Republic Act No. 7160, otherwise
6 known as the “Local Government Code of 1991”, and this Act.

7 In case of any conflict among the BSEZA, the LGUs and the National
8 Government on matters affecting the Bislig Ecozone, other than national defense and
9 security matters, the decision of the BSEZA shall prevail.

10 **SEC. 25. Audit.** - The Commission on Audit shall appoint a full-time auditor in the
11 BSEZA or may assign such number of personnel as may be necessary in the
12 performance of their functions.

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CHAPTER VI MISCELLANEOUS

15 **SEC. 26. Interpretation/Construction.** - The powers, authorities and functions
16 that are vested in the BSEZA are intended to establish national self-sufficiency and self-
17 reliance in the advancement of and protection of the national integrity, enhancement of
18 national security, decentralization of governmental functions and authority, and
19 promotion of an efficient and effective working relationship among the BSEZA, the
20 National Government and the LGUs. Any interpretation of this Act shall consider such
21 intentions. In the event of conflict of interpretation and provided the intentions cannot be
22 harmonized, the provisions of this Act shall be construed in favor of an interpretation that
23 would tend to protect national security.

24 **SEC. 27. Applicability Clause.** – Insofar as they are consistent with the
25 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,
26 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall
27 likewise apply to the Bislig Ecozone.

28 **SEC. 28. Implementing Rules and Regulations.** - The National Economic and
29 Development Authority (NEDA), in coordination with the DTI and DOF, shall formulate
30 the implementing rules and regulations of this Act within ninety (90) days after its
31 approval.

1 **SEC. 29. Separability Clause.** - If any provision of this Act shall be held
2 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
3 force and effect.

4 **SEC. 30. Repealing Clause.** - All laws, executive orders or issuances or any
5 part thereof, which are inconsistent herewith, are hereby repealed or amended
6 accordingly.

7 **SEC. 31. Effectivity.** - This Act shall take effect fifteen (15) days after its
8 publication in the Official Gazette or in a newspaper of general circulation.

9 Approved,