



HOUSE OF REPRESENTATIVES

H. No. 9092

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BY REPRESENTATIVES UMALI, GARCIA (G.), BIRON, ANDAYA, SUANSING (E.) AND NIETO,  
PER COMMITTEE REPORT NO. 1248

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AN ACT

ESTABLISHING THE SPECIAL ECONOMIC ZONE AND FREEPORT IN THE MUNICIPALITY OF MANSALAY, PROVINCE OF ORIENTAL MINDORO, CREATING FOR THIS PURPOSE THE ORIENTAL MINDORO SPECIAL ECONOMIC ZONE AND FREEPORT AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

*Be it enacted by the Senate and the 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 "Oriental Mindoro Special Economic Zone and Freeport 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 AND FREEPORT

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**SEC. 3. *Creation of the Oriental Mindoro Special Economic Zone and Freeport.*** - In accordance with the foregoing declared policy and subject to the concurrence of the concerned local government units (LGUs) of Oriental Mindoro affected by the zone, there is hereby established a Special Economic Zone and

1 Freeport, hereinafter referred to as the Oriental Mindoro Ecozone. The Oriental Mindoro  
2 Ecozone shall cover a particular area in the Municipality of Mansalay, Province of  
3 Oriental Mindoro. The specific metes and bounds of the Oriental Mindoro Ecozone shall  
4 be more particularly defined in a presidential proclamation that shall be issued for this  
5 purpose: *Provided*, That the lands embraced therein shall be public lands and  
6 contiguous to one another.

7 **SEC. 4. Creation of the Oriental Mindoro Special Economic Zone and**  
8 **Freeport Authority (OMSEZA).** - There is hereby created a body corporate to be known  
9 as the "Oriental Mindoro Special Economic Zone and Freeport Authority", hereinafter  
10 referred to as the OMSEZA, which shall manage and operate the Oriental Mindoro  
11 Special Economic Zone and Freeport in accordance with the provisions of this Act. This  
12 corporate franchise shall expire in fifty (50) years counted from the first year after the  
13 effectivity of this Act, unless otherwise extended by Congress. It shall be organized  
14 within one hundred eighty (180) days after the effectivity of this Act.

15 **SEC. 5. Governing Principles.** - The Oriental Mindoro Ecozone shall be  
16 managed and operated by the Oriental Mindoro Special Economic Zone and Freeport  
17 Authority, hereinafter referred to as the OMSEZA, created under Section 3 of this Act,  
18 under the following principles:

- 19 a) Within the framework and limitations of the Constitution and applicable provisions of  
20 the Local Government Code, the Oriental Mindoro Ecozone shall be developed into  
21 and operated as a decentralized, self-reliant and self-sustaining industrial,  
22 commercial/trading, agro-industrial, tourist, banking, financial and investment center  
23 with suitable residential areas;
- 24 b) The Oriental Mindoro Ecozone shall be provided with transportation,  
25 telecommunications and other facilities needed to attract legitimate and productive  
26 investments, generate linkage industries and employment opportunities for the  
27 people of Oriental Mindoro Ecozone and its neighboring towns and cities;
- 28 c) The Oriental Mindoro Ecozone may establish mutually beneficial economic relations  
29 with other entities or enterprises within the country or, subject to the administrative  
30 guidance of the Department of Foreign Affairs (DFA), the Philippine Economic Zone  
31 Authority (PEZA), and/or the Department of Trade and Industry (DTI), with foreign  
32 entities or enterprises;

- 1 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may  
2 set up enterprises in the Oriental Mindoro Ecozone, either by themselves or in a  
3 joint venture with Filipinos in any sector of industry, international trade and  
4 commerce within the Oriental Mindoro Ecozone;
- 5 e) The Oriental Mindoro Ecozone shall be managed and operated as a separate  
6 customs territory thereby ensuring the free flow or movement of goods and capital  
7 within, into and out of its territory, and shall likewise provide incentives such as tax  
8 and duty-free importations of raw materials, capital and equipment to registered  
9 enterprises located therein. However, exportation or removal of goods from the  
10 territory of the Oriental Mindoro Ecozone to the other parts of the Philippine territory  
11 shall be subject to customs duties and taxes under Republic Act No. 10863,  
12 otherwise known as the "Customs Modernization and Tariff Act" and other relevant  
13 tax laws of the Philippines;
- 14 f) The areas comprising the Oriental Mindoro Ecozone may be expanded or reduced  
15 when necessary. For this purpose, the Oriental Mindoro Ecozone, in consultation  
16 with the LGUs, shall have the power to acquire either by purchase, negotiation or  
17 condemnation proceedings, any private land within or adjacent to the Oriental  
18 Mindoro Ecozone for the following purposes: (1) consolidation of lands for zone  
19 development; (2) acquisition of right of way to the Oriental Mindoro Ecozone; and  
20 (3) the protection of watershed areas and natural assets valuable to the prosperity  
21 of the Oriental Mindoro Ecozone;
- 22 g) Goods manufactured by an Oriental Mindoro Ecotone enterprise shall be made  
23 available for immediate retail sale in the domestic market, subject to the payment of  
24 corresponding taxes on raw materials and other regulations that may be formulated  
25 by the OMSEZA together with the PEZA, the Bureau of Customs (BOC) and the  
26 DTI. However, in order to protect domestic industries, a Negative List of industries  
27 shall be drawn up and regularly updated by PEZA. Enterprises engaged in  
28 industries included in such Negative List shall not be allowed to sell their products  
29 locally;
- 30 h) The defense of the Oriental Mindoro Ecozone and the security of its perimeter fence  
31 shall be the responsibility of the national government in coordination with the  
32 OMSEZA and the LGUs.

33 **SEC. 6. Capitalization.** - The OMSEZA shall have an authorized capital stock of

1 Two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (P10.00)  
2 each, the majority shares of which shall be subscribed and paid for by the National  
3 Government and the LGUs embracing the Oriental Mindoro Ecozone and Freeport. The  
4 Board of Directors of the OMSEZA may, with the written concurrence of the Secretary of  
5 Finance, sell shares, representing not more than forty *per centum* (40%) of the capital  
6 stock of the OMSEZA to the general public under such policy as the Board and the  
7 Secretary of Finance may determine. The National Government and the LGUs shall in no  
8 case own less than sixty *per centum* (60%) of the total issued and outstanding capital of  
9 the OMSEZA.

10 The amount necessary to subscribe and pay for the shares of the National  
11 Government to the capital stock of the OMSEZA shall be included in the annual General  
12 Appropriations Act. For LGUs, the funds shall be taken from their internal revenue  
13 allotment and other local funds.

14 **SEC. 7. Principal Office of the OMSEZA.** - The OMSEZA shall maintain its  
15 principal office in the Municipality of Mansalay, Province of Oriental Mindoro, but it may  
16 establish branches within the Philippines as may be necessary for the proper conduct of  
17 its business.

18 **SEC. 8. Powers and Functions of the OMSEZA.** - The OMSEZA shall have  
19 the following powers and functions:

- 20 a) To operate, administer, manage and develop the Oriental Mindoro Ecozone  
21 according to the principles and provisions set forth in this Act,
- 22 b) To register, regulate and supervise the enterprises in the Oriental Mindoro  
23 Ecozone in an efficient and decentralized manner, subject to existing laws;
- 24 c) To coordinate with LGUs and exercise general supervision over the development  
25 plans, activities and operations of the Oriental Mindoro Ecozone;
- 26 d) To regulate and undertake the establishment, construction, operation and  
27 maintenance of public utilities, other services, and infrastructure in the Oriental  
28 Mindoro Ecozone such as light and power, shipping, barging, stevedoring, cargo  
29 handling, hauling, warehousing, storage of cargo, port services or concessions,  
30 piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,  
31 telecommunications, transport, bridges, terminals, conveyors, water supply and

- 1 storage, sewerage, drainage, airport operations in coordination with the Civil  
2 Aviation Authority of the Philippines (CAAP), and such other services or  
3 concessions or infrastructure necessary or incidental to the accomplishment of the  
4 objectives of this Act;
- 5 e) To construct, acquire, own, lease, operate and maintain on its own or through  
6 contracts, franchise, licenses, bulk purchase from the private sector or permits  
7 under any of the schemes allowed in Republic Act No. 6957, otherwise known as  
8 "The Build-Operate-Transfer Law" as amended, or joint venture, adequate facilities  
9 and infrastructure required or needed for the operation and development of the  
10 Oriental Mindoro Ecozone, in coordination with appropriate national and local  
11 government authorities and in conformity with applicable laws thereon;
- 12 f) To approve plans, programs and projects of the Oriental Mindoro Ecozone to be  
13 submitted to the Regional Development Council for inclusion and inputs to the  
14 overall regional development plan;
- 15 g) To operate on its own, either directly or through licenses to others, tourism-related  
16 activities, including games, amusements, recreational and sports facilities, subject  
17 to the approval and supervision of the Philippine Amusement and Gaming  
18 Corporation (PAGCOR);
- 19 h) To raise or borrow, within the limitation provided by law, and subject to the  
20 approval or opinion of the Monetary Board of the *Bangko Sentral Ng Pilipinas*  
21 (BSP), as the case may be, adequate and necessary funds from local or foreign  
22 sources, to finance its projects and programs under this Act and for this purpose,  
23 to issue bonds, promissory notes and other forms of securities, and to secure the  
24 same by a guarantee, pledge, mortgage, deed of trust or an assignment of all or  
25 part of its property or assets;
- 26 i) To protect, preserve, maintain and develop the forests, beaches, coral and coral  
27 reefs, and maintain ecological balance within the Oriental Mindoro Ecozone.  
28 Notwithstanding the power of the Oriental Mindoro Ecozone to create rules for  
29 such purpose, the rules and regulations of the Department of Environment and  
30 Natural Resources (DENR) and other government agencies involved in the above  
31 functions shall be implemented by the OMSEZA;
- 32 j) To create, operate and/or contract to operate such functional units or offices of the

1 OMSEZA as it may deem necessary;

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

5 l) To issue certificates of origin for products manufactured or processed in the  
6 Oriental Mindoro Ecozone in accordance with prevailing rules of origin and the  
7 pertinent regulations of the PEZA, the DTI and/or the Department of Finance  
8 (DOF);

9 m) To establish one-stop shops for the issuance of all necessary permits, clearances,  
10 licenses, and other similar certifications to conduct such activities intended to  
11 improve the ease of doing business within the Oriental Mindoro Ecozone, in  
12 coordination with government agencies having jurisdiction over activities therein:  
13 *Provided, That* all government agencies are directed to provide and extend utmost  
14 and full cooperation to the Oriental Mindoro Ecozone in the establishment of such  
15 one-stop shops;

16 n) To provide internal security to the Oriental Mindoro Ecozone in coordination with  
17 the National Government and affected LGU. For this purpose, the OMSEZA shall  
18 provide and establish its own internal security and firefighting forces or hire others  
19 to provide the same. Military forces sent by the National Government for the  
20 purpose of defense shall not interfere in the internal affairs of the Oriental Mindoro  
21 Ecozone and expenditures for these military forces shall be borne by the National  
22 Government;

23 o) To exercise such powers as may be essential, necessary or incidental to the  
24 powers granted to it hereunder, as well as those that shall enable it to carry out,  
25 implement and accomplish the purposes, objectives and policies of this Act; and

26 p) To issue rules and regulations consistent with the provisions of this Act as may be  
27 necessary to accomplish and implement the purposes, objectives and policies  
28 provided herein.

29 **SEC. 9. Board of Directors of the OMSEZA.** - The powers of the OMSEZA  
30 shall be vested in and exercised by a Board of Directors, hereinafter referred to as the  
31 Board, which shall be composed of the following:

- 1 a) The Chairperson, who shall at the same time be the administrator of the OMSEZA;
- 2 b) Four (4) members consisting of:
  - 3 1) The Governor or a duly-authorized representative from the Provincial
  - 4 Government of Oriental Mindoro;
  - 5 2) The mayor of the municipality of Mansalay;
  - 6 3) One (1) representative from the investor's group; and
  - 7 4) One (1) representative from among the workers in the ecozone.
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The Vice-Chairperson shall be selected from among the members of the Board.

9 The representative from the Provincial Government of Oriental Mindoro and the  
10 mayor of the municipality covered by the ecozone shall serve as *ex-officio* members of  
11 the Board, whose terms in the Board correspond to their terms as elected officials.

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

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

23 The members of the Board, except the *ex-officio* members shall each receive *per*  
24 *diem* at rates to be determined by the Department of Budget and Management (DBM) in  
25 accordance with existing rules and regulations: *Provided, however,* That the total *per*  
26 *diem* collected each month shall not exceed the equivalent *per diem* for four (4)  
27 meetings. Unless and until the President of the Philippines has fixed a higher amount of  
28 *per diem*, the members of the Board shall receive *per diem* of not more than Ten  
29 thousand pesos (₱10,000.00) for every Board meeting.

30 **SEC. 10. Organization and Personnel.** – The Board of Directors of the  
31 OMSEZA shall provide for its organization and staff. The Board shall appoint and fix the

1 remuneration and other emoluments of its officers and employees in accordance with  
2 existing laws on compensation and position classification. It shall have exclusive and  
3 final authority to promote, transfer, assign, reassign, or remove officers of the OMSEZA,  
4 any provision of existing law to the contrary notwithstanding. The Chairperson-  
5 Administrator shall carry out the decisions of the Board.

6 The officers and employees of the OMSEZA, including all members of the Board,  
7 shall not engage directly or indirectly in partisan activities nor take part in any election,  
8 except to vote.

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

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

- 14 a) To direct and manage the affairs of the OMSEZA in accordance with the policies of  
15 the Board;
- 16 b) To establish the internal organization of the OMSEZA under such conditions that  
17 the Board may prescribe;
- 18 c) To submit an annual budget and necessary supplemental budget to the Board for  
19 its approval;
- 20 d) To submit within thirty (30) days after the close of each fiscal year an annual report  
21 to the Board and such other reports as may be required;
- 22 e) To submit to the Board for its approval, policies, systems, procedures, rules and  
23 regulations that are essential to the operation of the Oriental Mindoro Ecozone;
- 24 f) To recommend to the Board the remuneration and other emoluments of its officers  
25 and employees in accordance with existing laws on compensation and position  
26 classification;
- 27 g) To create a mechanism in coordination with relevant agencies for the promotion of  
28 industrial peace, the protection of the environment, and the advancement of the  
29 quality of life in the Oriental Mindoro Ecozone; and



1 h) To perform such other duties as may be assigned to him by the Board or which are  
2 necessary or incidental to his office.

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

7 **CHAPTER III**  
8 **INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS**

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

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

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

25 The authority to issue visas and work permits shall remain with the Bureau of  
26 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively;  
27 *Provided*, That the BI and the DOLE shall implement measures to expedite the  
28 processing of such visas and permits for workers in the Oriental Mindoro Ecozone and  
29 coordinate with the OMSEZA for the purpose of improving ease of doing business.

30 **SEC.14. Fiscal Incentives.** - Registered enterprises operating within the Oriental  
31 Mindoro Ecozone shall be entitled to the existing pertinent fiscal incentives as provided  
32 for under Republic Act No. 7916, as amended by Republic Act No. 8748, also known as

1 the Special Economic Zone Act of 1995, or those provided under Executive Order No.  
2 226, as amended, otherwise known as the Omnibus Investment Code of 1987: *Provided,*  
3 That in the administration, implementation and monitoring of incentives, the OMSEZA  
4 may impose its own conditions not otherwise prohibited by this Act.

5 **SEC. 15. Administration, Implementation and Monitoring of Incentives.** - In  
6 the interest of enhancing transparency in the management and accounting of tax  
7 incentives in the Oriental Mindoro Ecozone and ensuring the proper administration,  
8 implementation and monitoring of tax incentives provided under this law, the OMSEZA  
9 shall comply with the provisions of Republic Act No. 10708, otherwise known as the  
10 "Tax Incentives Management and Transparency Act (TIMTA)" and its implementing rules  
11 and regulations

12 The BOC shall set up and establish a customs controlled area outside the gate of  
13 the Oriental Mindoro Ecozone to facilitate payment of duties and taxes on goods entering  
14 the Philippine customs territory: *Provided,* That notwithstanding the limitations in this Act,  
15 the OMSEZA and BOC may coordinate and jointly implement measures on border  
16 protection.

17 **SEC.16. Duration of Incentives.** - Fiscal incentives under this Act shall be  
18 terminated after a cumulative period of twenty (20) years from date of registration or start  
19 of commercial operation, whichever is applicable, except that it could be extended with  
20 regard to industries deemed indispensable to national development and interest. The  
21 industries exempted from this provision shall be determined by the OMSEZA, in  
22 consultation with other government agencies.

23 **SEC. 17. Sequential Availment of Incentives.** - Registered enterprises may  
24 enjoy the income tax holiday (ITH) or the net loss carry over granted by the OMSEZA  
25 prior to the availment of the five percent (5%) final tax on gross income earned incentive:  
26 *Provided,* That in the event a registered enterprise elects to avail of the final tax  
27 incentive, such registered enterprise shall be barred from availing the ITH incentive.

28 Registered enterprises, if eligible, may register with other investment promotion  
29 agencies to avail of the incentives they offer: *Provided,* That registered enterprises  
30 electing to avail of the incentives of other promotion agencies shall not be able to avail of  
31 the incentives of the Oriental Mindoro Ecozone until the expiration of the incentives  
32 extended by other investment promotions agencies.



