



HOUSE OF REPRESENTATIVES

H. No. 9093

BY REPRESENTATIVES LANETE, GARCIA (G.), BIRON, ANDAYA, SUANSING (E.) AND
SY-ALVARADO, PER COMMITTEE REPORT NO. 1249

**AN ACT
ESTABLISHING THE SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF
PLACER, PROVINCE OF MASBATE, CREATING FOR THIS PURPOSE THE
PLACER SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS
THEREFOR**

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

**CHAPTER 1
GENERAL PROVISIONS**

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

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.

**CHAPTER II
CREATION OF THE ECONOMIC ZONE**

SEC. 3. *Creation of the Placer Special Economic Zone.* - In accordance with
the foregoing declared policy and subject to the concurrence of the concerned local
government units (LGUs) of Masbate affected by the zone, there is hereby established a
Special Economic Zone, hereinafter referred to as the Placer Ecozone. The Placer
Ecozone shall cover a particular area located in the Municipality of Placer, Province of

1 Masbate. The specific metes and bounds of the Placer Ecozone shall be more
2 particularly defined in a presidential proclamation that shall be issued for this purpose:
3 *Provided*, That the lands embraced therein shall be public lands and contiguous to one
4 another.

5 **SEC. 4. Creation of the Placer Special Economic Zone Authority (PSEZA).** -

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

12 **SEC. 5. Governing Principles.** - The Placer Ecozone shall be managed and
13 operated by the Placer Special Economic Zone Authority, hereinafter referred to as the
14 PSEZA, created under Section 4 of this Act, under the following principles:

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

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

27 **SEC. 6. Capitalization.** - The PSEZA shall have an authorized capital stock of
28 Two billion (2,000,000,000) no par shares with a minimum issue of Ten pesos (₱10.00)
29 each, the majority shares of which shall be subscribed and paid for by the National
30 Government and the LGUs embracing the Placer Ecozone. The Board of Directors of the
31 PSEZA may, with the written concurrence of the Secretary of Finance, sell shares,
32 representing not more than forty *per centum* (40%) of the capital stock of the PSEZA to
33 the general public under such policy as the Board and the Secretary of Finance may

1 determine. The National Government and the LGUs shall in no case own less than sixty
2 *per centum* (60%) of the total issued and outstanding capital of the PSEZA.

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

7 **SEC. 7. *Principal Office of the PSEZA.*** - The PSEZA shall maintain its principal
8 office in the Municipality of Placer, Province of Masbate, but it may establish branches
9 within the Philippines as may be necessary for the proper conduct of its business.

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

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

- 1 and infrastructure required or needed for the operation and development of the
2 Placer Ecozone, in coordination with appropriate national and local government
3 authorities and in conformity with applicable laws thereon;
- 4 f) To approve plans, programs and projects of the Placer Ecozone to be submitted to
5 the Regional Development Council for inclusion and inputs to the overall regional
6 development plan;
- 7 g) To operate on its own, either directly or through licenses to others, tourism-related
8 activities, including games, amusements, recreational and sports facilities, subject
9 to the approval and supervision of the Philippine Amusement and Gaming
10 Corporation (PAGCOR);
- 11 h) To raise or borrow, within the limitation provided by law, and subject to the
12 approval or opinion of the Monetary Board of the *Bangko Sentral Ng Pilipinas*
13 (BSP), as the case may be, adequate and necessary funds from local or foreign
14 sources, to finance its projects and programs under this Act and for this purpose,
15 to issue bonds, promissory notes and other forms of securities, and to secure the
16 same by a guarantee, pledge, mortgage, deed of trust or an assignment of all or
17 part of its property or assets;
- 18 i) To protect, preserve, maintain and develop the forests, beaches, coral and coral
19 reefs, and maintain ecological balance within the Placer Ecozone. Notwithstanding
20 the power of the PSEZA to create rules for such purpose, the rules and regulations
21 of the Department of Environment and Natural Resources (DENR) and other
22 government agencies involved in the above functions shall be implemented by the
23 PSEZA;
- 24 j) To create, operate and/or contract to operate such functional units or offices of the
25 PSEZA as it may deem necessary;
- 26 k) To adopt, alter and use a corporate seal, contract, lease, buy, acquire, own or
27 otherwise dispose of personal and/or real property of whatever nature, sue and be
28 sued, and otherwise carry out its functions and duties as provided for in this Act;
- 29 l) To issue certificates of origin for products manufactured or processed in the Placer
30 Ecozone in accordance with prevailing rules of origin and the pertinent regulations
31 of the PEZA, the DTI and/or the Department of Finance (DOF);

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

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

- 22 a) The Chairperson, who shall at the same time be the administrator of the PSEZA;
23 b) Four members consisting of:
24
25 1) The Governor or a duly-authorized representative from the Provincial
26 Government of Masbate;
27 2) The mayor of the municipality covered by the ecozone;
28 3) One (1) representative from the investor's group; and
29 4) One (1) representative from among the workers in the Placer ecozone.

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

32 The representative from the Provincial Government and the mayor of the

1 municipality covered by the ecozone shall serve as *ex-officio* members of the Board,
2 whose terms in the Board correspond to their terms as elected officials.

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

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

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

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

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

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

1 registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign
2 national has the following qualifications:

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

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

15 The authority to issue visas and work permits shall remain with the Bureau of
16 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
17 *Provided*, That the BI and the DOLE shall implement measures to expedite the
18 processing of such visas and permits for workers in the Placer Ecozone and coordinate
19 with the PSEZA for the purpose of improving ease of doing business.

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

31 **SEC. 15. Imposition of a Tax Rate of Five Percent (5%) on Gross Income**
32 **Earned.** - No taxes, local and national, shall be imposed on business establishments
33 operating within the Placer Ecozone, including income tax, withholding tax, donor's tax,

1 percentage tax, and documentary stamp tax. In lieu thereof, and subject to Section 17 of
2 this Act, said business establishments shall pay a five percent (5%) final tax on gross
3 income earned: *Provided*, That the proceeds from such final tax shall be shared by
4 instrumentalities of the government in accordance with the following schedule:

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

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

11 **SEC. 16. Administration, Implementation and Monitoring of Incentives.** - In
12 the interest of enhancing transparency in the management and accounting of tax
13 incentives in the Placer Ecozone, and ensuring the proper administration, management,
14 enforcement, implementation and monitoring of tax incentives, the PSEZA shall comply
15 with the provisions of Republic Act No. 10708, otherwise known as the "Tax Incentives
16 Management and Transparency Act (TIMTA)" and its implementing rules and
17 regulations.

18 The BOC shall set up and establish a customs controlled area outside the gate of
19 the Placer Ecozone to facilitate payment of taxes on goods entering the Philippine
20 customs territory: *Provided*, That notwithstanding the limitations in this Act, the PSEZA
21 and BOC may coordinate and jointly implement measures on border protection.

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

28 **SEC. 18. Sequential Availment of Incentives.** - Registered enterprises may
29 enjoy the income tax holiday (ITH) granted by the PSEZA prior to the availment of the
30 five percent (5%) final tax on gross income earned incentive: *Provided*, That in the event
31 a registered enterprise elects to avail of the final tax incentive, such registered enterprise
32 shall be barred from availing the ITH incentive.

1 Registered enterprises, if eligible, may register with other investment promotion
2 agencies to avail of the incentives they offer: *Provided*, That registered enterprises
3 electing to avail of the incentives of other promotion agencies shall not be able to avail of
4 the incentives of the Placer Ecozone until the expiration of the incentives with such other
5 investment promotions agencies.

6 **SEC. 19. *Extension of Period of Availment.*** - In the event that a registered
7 enterprise has suffered cessation or suspension of operations due to *force majeure*,
8 which has impaired its viability or profitability, the PSEZA may extend the period of
9 validity of the incentives extended to such registered enterprise.

10 **SEC. 20. *Banking Rules and Regulations.*** – Banks and financial institutions to
11 be established in the Placer Ecozone shall be under the supervision of the Bangko
12 Sentral ng Pilipinas (BSP) and subject to existing banking laws, rules and regulations.

13 **SEC. 21. *Remittances.*** - In the case of foreign investments, a duly registered
14 entity or enterprise within the Placer Ecozone shall have the right to remit earnings from
15 the investment in the currency in which the investment was originally made and at the
16 exchange rate prevailing at the time of remittance, subject to the provisions of Republic
17 Act No. 7653, otherwise known as the “New Central Bank Act”.

18 **CHAPTER V**
19 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

20 **SEC. 22. *Supervision and Control.*** - For purposes of policy direction and
21 coordination, the PSEZA shall be under the direct control and supervision of the Office of
22 the President of the Philippines.

23 **SEC. 23. *Development Goals of the Placer Ecozone.*** - The PSEZA shall
24 determine the development goals of the Placer Ecozone within the framework of national
25 development plans, policies and goals. The Chairperson-Administrator shall, upon
26 approval by the Board, submit the Placer Ecozone plans, programs and projects to the
27 Regional Development Council for inclusion and inputs to the overall regional
28 development plan.

29 **SEC. 24. *Relationship with Local Government Units.*** – Except as herein
30 provided, the LGUs comprising the Placer Ecozone shall retain their basic autonomy and
31 identity. The Municipality of Placer, Province of Masbate, shall operate and function in

1 accordance with the framework of the Constitution, Local Government Code of 1991,
2 and this Act.

3 In case of any conflict among the PSEZA, the LGUs and the National
4 Government on matters affecting the Placer Ecozone, other than national defense and
5 security matters, the decision of the PSEZA shall prevail.

6 **SEC. 25. Audit.** - The Commission on Audit (COA) shall appoint a full-time
7 auditor in the PSEZA or may assign such number of personnel as may be necessary in
8 the performance of their functions.

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CHAPTER V MISCELLANEOUS

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

20 **SEC. 27. Applicability Clause.** - Insofar as they are consistent with the
21 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,
22 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall
23 likewise apply to the Placer Ecozone.

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

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

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

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

6 Approved,