



**HOUSE OF REPRESENTATIVES**

H. No. 7575

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BY REPRESENTATIVES SY-ALVARADO, GARIN (S.), SALCEDA, YAP (E.), MACEDA, ONG (R.), NOGRALES (J.J.), SINGSON-MEEHAN, SUANSING (E.), BENITEZ, GORRICETA, TAN (A.S.), AUMENTADO, BIAZON, DEFENSOR (L.), GARCIA (J.E.), RODRIGUEZ, ZUBIRI, AGLIPAY, BAGATSING, BARONDA, CHATTO, YAP (V.), CO (A.N.), HERNANDEZ, SAVELLANO, ABU, HARESCO, DUAVIT, DEFENSOR (M.), SUNTAY, FARIÑAS (R.C.), DAGOOC, BASCUG, TAMBUNTING, PADIERNOS, GONZALES (A.), DELOSO-MONTALLA, ARENAS, NUÑEZ-MALANYAON, GO (M.), DY (F.M.C.), EBCAS, VIOLAGO, LACSON, CRISOLOGO, DE VENECIA, JIMENEZ, PADUANO, ROBES, ALBANO, PANCHO, SILVERIO AND VILLARICA, PER COMMITTEE REPORT NO. 468

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**AN ACT  
ESTABLISHING THE BULACAN AIRPORT CITY SPECIAL ECONOMIC ZONE AND  
FREEPORT, PROVINCE OF BULACAN 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 "Bulacan Airport City  
Special Economic Zone and Freeport Act."

1           **SEC. 2. Declaration of Policy.** - It is declared the policy of the State to  
2 encourage, promote, and accelerate the sound and balanced industrial, economic and  
3 social development of the country. The establishment of special economic zones shall  
4 attract legitimate and productive foreign investments in strategic locations in the country.  
5 It shall generate employment and increase productivity and individual, as well as family  
6 incomes, thereby enhancing the quality of life of the Filipino people.

7   **CHAPTER II**  
8   **CREATION OF THE ECONOMIC ZONE AND FREEPORT**

9           **SEC. 3. Creation of the Bulacan Airport City Special Economic Zone and**  
10 **Freeport** - In accordance with the foregoing declared policy and subject to the  
11 concurrence of the affected local government units (LGUs) of Bulacan, there is hereby  
12 established a Special Economic Zone and Freeport, hereinafter referred to as the  
13 Bulacan Ecozone. The Bulacan Ecozone shall cover the domestic and international  
14 airport, the Airport City to be developed adjacent to the airport, and lands adjacent to the  
15 Airport City as may be determined hereinafter. The specific metes and bounds of the  
16 Bulacan Ecozone shall be more particularly defined in a presidential proclamation that  
17 shall be issued for this purpose: *Provided,* That the lands embraced therein shall be  
18 contiguous to one another.

19           **SEC. 4. Creation of the Bulacan Airport City Special Economic Zone and**  
20 **Freeport Authority.** - There is hereby created a body corporate to be known as the  
21 "Bulacan Airport City Special Economic Zone and Freeport Authority" hereinafter  
22 referred to as the BACSEZFA, which shall manage and operate the Bulacan Ecozone, in  
23 accordance with the provisions of this Act. The corporate life of the Authority shall expire  
24 in fifty (50) years counted from the first year after the effectivity of this Act, unless  
25 otherwise extended by Congress. It shall be organized within one hundred eighty (180)  
26 days after the effectivity of this Act.

27           **SEC. 5. Governing Principles.** - The BACSEZFA, created under Section 4 of  
28 this Act, shall manage and operate the Bulacan Ecozone under the following principles:

- 29 a) Within the framework and limitations of the Constitution and applicable provisions of  
30 the Local Government Code, the Bulacan Ecozone shall have a domestic and  
31 international airport and be developed into and operated as a decentralized, self-  
32 reliant and self-sustaining industrial, commercial/trading, agro-industrial, tourist,  
33 banking, financial and investment center with suitable residential areas under the  
34 Airport City;

- 1 b) The Bulacan Ecozone shall be equipped with transportation, telecommunications  
2 and other facilities needed to attract legitimate and productive investments,  
3 generate linkage industries and employment opportunities for the people of the  
4 Municipality of Bulakan and its neighboring towns and cities;
- 5 c) The Bulacan Ecozone may establish mutually beneficial economic relations with  
6 other entities or enterprises within the country or, subject to the administrative  
7 guidance of the Department of Foreign Affairs (DFA), the Philippine Economic  
8 Zone Authority (PEZA), and/or the Department of Trade and Industry (DTI), with  
9 foreign entities or enterprises;
- 10 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may  
11 set up enterprises in the Bulacan Ecozone, either by themselves or in a joint  
12 venture with Filipinos in any sector of industry, international trade and commerce  
13 within the Bulacan Ecozone;
- 14 e) The Bulacan Ecozone shall be managed and operated as a separate customs  
15 territory thereby ensuring the free flow or movement of goods and capital within,  
16 into, and out of its territory, and shall likewise provide incentives such as tax and  
17 duty-free importations of raw materials, capital and equipment to registered  
18 enterprises located therein. However, exportation or removal of goods from the  
19 territory of the Bulacan Ecozone to the other parts of the Philippine territory shall be  
20 subject to customs duties and taxes under the Customs Modernization and Tariff  
21 Act and other relevant tax laws of the Philippines;
- 22 f) The areas comprising the Bulacan Ecozone may be expanded or reduced when  
23 necessary through a presidential proclamation issued for the purpose. For this  
24 purpose, the BACSEZFA, in consultation with the LGUs, shall have the power to  
25 acquire either by purchase, negotiation or condemnation proceedings, any private  
26 land within or adjacent to the Bulacan Ecozone for the following purposes: (1)  
27 consolidation of lands for zone development; (2) acquisition of right of way to the  
28 Bulacan Ecozone; and (3) the protection of watershed areas and natural assets  
29 valuable to the prosperity of the Bulacan Ecozone;
- 30 g) Goods manufactured by a Bulacan Ecozone enterprise shall be made available for  
31 immediate retail sale in the domestic market, subject to the payment of  
32 corresponding taxes on raw materials and other regulations that may be formulated

1 by the BACSEZFA together with the PEZA, the Bureau of Customs (BOC) and the  
2 DTI. However, in order to protect domestic industries, a Negative List of industries  
3 shall be drawn up and regularly updated by PEZA. Enterprises engaged in  
4 industries included in such Negative List shall not be allowed to sell their products  
5 locally;

6 h) The defense of the Bulacan Ecozone and the security of its perimeter fence shall be  
7 the responsibility of the National Government in coordination with the BACSEZFA  
8 and the LGUs.

9 **SEC. 6. *Development Goals of the Bulacan Ecozone.*** - The BACSEZFA shall  
10 include in its development goals for the Bulacan Ecozone the construction and operation  
11 of a domestic and international airport and allied businesses within the framework of  
12 national development plans, policies and goals. The Chairperson-Administrator shall,  
13 upon approval by the Board, submit the Bulacan Ecozone plans, programs and projects  
14 to the Regional Development Council for inclusion and inputs to the overall regional  
15 development plan.

16 **SEC. 7. *Capitalization.*** - The BACSEZFA shall have an authorized capital stock of  
17 two billion (2,000,000,000) no par shares at a minimum issue of Ten pesos (P10.00)  
18 each, the majority shares of which shall be subscribed and paid for by the National  
19 Government and the LGUs embracing the BACSEZFA. The Board of Directors of the  
20 BACSEZFA may, with the written concurrence of the Secretary of Finance, sell shares,  
21 representing not more than forty per centum (40%) of the capital stock of the  
22 BACSEZFA to the general public under such policy as the Board and the Secretary of  
23 Finance may determine. The National Government and the LGUs shall in no case own  
24 less than sixty per centum (60%) of the total issued and outstanding capital of the  
25 BACSEZFA.

26 The amount necessary to subscribe and pay for the shares of the National  
27 Government to the capital stock of the BACSEZFA shall be included in the annual  
28 General Appropriations Act. For the LGUs concerned, the funds shall be taken from their  
29 internal revenue allotment and other local funds.

30 **SEC. 8. *Principal Office of the BACSEZFA.*** - The BACSEZFA shall maintain its  
31 principal office at the Airport City, but it may establish liaison offices within the  
32 Philippines as may be necessary for the proper conduct of its business.

1       **SEC. 9. Powers and Functions of the BACSEZFA.** - The BACSEZFA shall have  
2 the following powers and functions:

3 a) To operate, administer, manage and develop the Bulacan Ecozone according to  
4 the principles and provisions set forth in this Act,

5 b) To register, regulate and supervise the enterprises in the Bulacan Ecozone in an  
6 efficient and decentralized manner, subject to existing laws;

7 c) To coordinate with LGUs and exercise general supervision over the development  
8 plans, activities and operations of the Bulacan Ecozone;

9 d) To regulate and undertake the establishment, construction, operation and  
10 maintenance of public utilities, other services, and infrastructure in the Bulacan  
11 Ecozone such as light and power, shipping, barging, stevedoring, cargo handling,  
12 hauling, warehousing, storage of cargo, port services or concessions, piers,  
13 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,  
14 telecommunications, transport, bridges, terminals, conveyors, water supply and  
15 storage, sewerage, drainage, airport operations in coordination with the Civil  
16 Aviation Authority of the Philippines and such other services or concessions or  
17 infrastructure necessary or incidental to the accomplishment of the objectives of  
18 this Act;

19 e) To construct, acquire, own, lease, operate and maintain on its own or through  
20 contracts, franchise, licenses, bulk purchase from the private sector or permits  
21 under any of the schemes allowed in Republic Act No. 6957, otherwise known as  
22 the Build-Operate-Transfer Law, as amended, or joint venture, adequate facilities  
23 and infrastructure required or needed for the operation and development of the  
24 Bulacan Ecozone, in coordination with appropriate national and local government  
25 authorities and in conformity with applicable laws thereon;

26 f) To approve plans, programs and projects of the Bulacan Ecozone, to be submitted  
27 to the Regional Development Council for inclusion and inputs to the overall  
28 regional development plan;

29 g) To operate on its own, either directly or through licenses to others, tourism-related  
30 activities, including recreational and sports facilities;

- 1 h) To raise or borrow, within the limitation provided by law, and subject to the  
2 approval of the Monetary Board of the *Bangko Sentral Ng Pilipinas* (BSP), as the  
3 case may be, adequate and necessary funds from local or foreign sources, to  
4 finance its projects and programs under this Act and for this purpose, to issue  
5 bonds, promissory notes and other forms of securities, and to secure the same by  
6 a guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its  
7 property or assets;
- 8 i) To protect, preserve, maintain and develop the forests, beaches, coral and coral  
9 reefs, and maintain ecological balance within the Bulacan Ecozone.  
10 Notwithstanding the authority of the BACSEZFA to create rules for such purpose,  
11 the rules and regulations of the Department of Environment and Natural Resources  
12 (DENR) and other government agencies involved in the above functions shall be  
13 implemented by the BACSEZFA;
- 14 j) To create, operate or contract to operate such functional units or offices of the  
15 BACSEZFA as it may deem necessary;
- 16 k) To adopt, alter and use a corporate seal; contract, lease, buy, acquire, own or  
17 otherwise dispose of personal and/or real property of whatever nature; sue and be  
18 sued; and otherwise carry out its functions and duties as provided for in this Act;
- 19 l) To issue certificates of origin for products manufactured or processed in the  
20 Bulacan Ecozone in accordance with prevailing rules of origin and the pertinent  
21 regulations of the PEZA, the DTI and/or the Department of Finance (DOF);
- 22 m) To establish one-stop shops for the issuance of all necessary permits, clearances,  
23 licenses, and other similar certifications to conduct such activities intended to  
24 improve the ease of doing business within the Bulacan Ecozone, in coordination  
25 with government agencies having jurisdiction over activities therein: *Provided*, That  
26 all government agencies are directed to provide and extend utmost and full  
27 cooperation to the Bulacan Ecozone in the establishment of such one-stop shops;
- 28 n) To provide internal security to the Bulacan Ecozone in coordination with the  
29 National Government and affected LGU. For this purpose, the BACSEZFA shall  
30 provide and establish its own internal security and firefighting forces or hire others  
31 to provide the same. Military forces to be assigned by the National Government for

1 national defense purposes shall not interfere in the internal affairs of the Bulacan  
2 Ecozone and expenditures for these military forces shall be borne by the National  
3 Government;

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

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

10 **SEC. 10. Board of Directors of the BACSEZFA.** - The powers of the  
11 BACSEZFA shall be vested in and exercised by a Board of Directors, hereinafter  
12 referred to as the Board, which shall be composed of the following:

13 a) The Chairperson, who shall at the same time be the administrator of the  
14 BACSEZFA;

15 b) A Vice Chairperson who shall be elected from among the Members of the Board of  
16 Directors;

17 c) Members consisting of:

18 1) The Socioeconomic Planning Secretary or a designated representative of the  
19 National Economic and Development Authority (NEDA);

20 2) The Secretary or a designated representative of the DTI;

21 3) The Secretary or a designated representative of the DOF;

22 4) One (1) representative from the Province of Bulacan;

23 5) One (1) representative from the Municipality of Bulakan;

24 6) One (1) representative from business sector whose business is located within  
25 the legislative district covering the premises of the Bulacan Ecozone;

26 7) One (1) representative from the domestic investors in the Bulacan Ecozone;

27 8) One (1) representative from the foreign investors in the Bulacan Ecozone; and

28 9) One (1) representative from the workers working in the Bulacan Ecozone.

29 The Chairperson and the members of the Board shall be appointed by the  
30 President of the Philippines to serve for a term of six (6) years, unless sooner separated  
31 from service due to death, voluntary resignation or removal for cause. In case of death,

1 resignation or removal for cause, their replacements shall serve only the unexpired  
2 portion of the respective terms.

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

9 The members of the Board shall each receive *per diem* at rates to be determined  
10 by the Department of Budget and Management (DBM) in accordance with existing rules  
11 and regulations: *Provided, however,* That the total *per diem* collected each month shall  
12 not exceed the equivalent *per diem* for four (4) meetings. Unless and until the President  
13 of the Philippines has fixed a higher *per diem* for the members of the Board, such *per*  
14 *diem* shall not be more than ten thousand pesos (P10,000.00) for every Board meeting.

15 **SEC. 11. Organization and Personnel.** – The Board of Directors of the  
16 BACSEZFA shall provide for its organization and staff. The Board shall appoint and fix  
17 the remuneration and other emoluments of its officers and employees in accordance with  
18 existing laws on compensation and position classification. The Board shall have  
19 exclusive and final authority to promote, transfer, assign, reassign, or remove officers of  
20 the BACSEZFA, any provision of existing law to the contrary notwithstanding. The  
21 Chairperson-Administrator shall execute the decisions of the Board.

22 The officers and employees of the BACSEZFA, including all members of the  
23 Board, shall not engage directly or indirectly in partisan activities nor take part in any  
24 election, except to vote.

25 No officer or employee of the BACSEZFA, subject to civil service laws and  
26 regulations, shall be removed or suspended except for cause, as provided by civil  
27 service law and regulations.

28 **SEC. 12. Powers and Duties of the Chairperson-Administrator.** – The  
29 Chairperson-Administrator shall have the following powers and duties:



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

19 **SEC. 13. *Legal Counsel.*** - The BACSEZFA shall have its own internal legal  
20 counsel under the supervision of the government corporate counsel. When the  
21 exigencies of its businesses and o it, the BACSEZFA may engage the services of an  
22 outside counsel either on a case to case or on a fixed retainer basis.

23 **CHAPTER III**  
24 **INCENTIVES TO ECOZONE ENTERPRISES/INVESTORS**

25 **SEC. 14. *Investors Visa.*** - Any foreign national who invests an amount of two  
26 hundred thousand US dollars (US\$200,000.00), either in cash and/or equipment, in a  
27 registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign  
28 national:

- 1 a) Must be at least eighteen (18) years of age;
- 2 b) Must not have been convicted by final judgment of a crime involving moral  
3 turpitude;
- 4 c) Must not be afflicted with any loathsome, dangerous or contagious disease;
- 5 d) Must not have been confined in an institution for any mental disorder or disability;  
6 and
- 7 e) Must be financial capable as borne out by credible and verifiable evidence.

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

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

18 **SEC.15. Fiscal Incentives.** - Registered enterprises operating within the  
19 Bulacan Ecozone may be entitled to the existing pertinent fiscal incentives granted under  
20 Executive Order No. 226, as amended, otherwise known as the Omnibus Investments  
21 Code of 1987, and to such other fiscal incentives as may be provided by law.

22 **SEC. 16. Administration, Implementation and Monitoring of Incentives.** – In  
23 the interest of enhancing transparency in the management and accounting of tax  
24 incentives in the Bulacan Ecozone, and ensuring the proper administration,  
25 management, enforcement, implementation and monitoring of tax incentives, the  
26 BACSEZFA shall comply with the provisions of Republic Act No. 10708, otherwise  
27 known as the "Tax Incentives Management and Transparency Act (TIMTA)" and its  
28 implementing rules and regulations.

29 The BOC shall set up and establish a customs-controlled area outside the  
30 premises of the Bulacan Ecozone to facilitate payment of duties and taxes on goods  
31 entering the Philippine customs territory: *Provided*, That notwithstanding the limitations  
32 on this Act, the BACSEZFA and BOC may coordinate and jointly implement measures  
33 on border protection.

1           **SEC. 17. *Banking Rules and Regulations.*** – Banks and financial institutions to  
 2 be established in the Bulacan Ecozone shall be under the supervision of the BSP and  
 3 subject to existing banking laws, rules and regulations.

4           **SEC. 18. *Remittances.*** - In the case of foreign investments, a duly registered  
 5 entity or enterprise within the Bulacan Ecozone shall have the right to remit earnings  
 6 from the investment in the currency in which the investment was originally made and at  
 7 the exchange rate prevailing at the time of remittance, subject to the provisions of  
 8 Republic Act No. 7653, otherwise known as “The New Central Bank Act”, as amended.

9   **CHAPTER IV**  
 10    **NATIONAL GOVERNMENT AND OTHER ENTITIES**

11           **SEC. 19. *Supervision and Control.*** - For purposes of policy direction and  
 12 coordination, the BACSEZFA shall be under the direct supervision and control of the  
 13 Office of the President of the Philippines.

14           **SEC. 20. *Relationship with Local Government Units.*** – Except as herein  
 15 provided, the LGUs comprising the Bulacan Ecozone shall retain their basic autonomy  
 16 and identity. The Municipality of Bulakan, Province of Bulacan, shall operate and  
 17 function in accordance with the framework of the Constitution, Local Government Code  
 18 of 1991, and this Act.

19           In case of any conflict among the BACSEZFA and the LGUs and the National  
 20 Government on matters affecting the Bulacan Ecozone, other than national defense and  
 21 security matters, the decision of the BACSEZFA shall prevail.

22           **SEC. 21. *Audit.*** - The Commission on Audit shall appoint a full-time auditor in the  
 23 BACSEZFA or may assign such number of personnel as may be necessary in the  
 24 performance of their functions.

25   **CHAPTER V**  
 26    **MISCELLANEOUS PROVISIONS**

27           **SEC. 22. *Interpretation and Construction.*** - The powers, authorities and  
 28 functions that are vested in the BACSEZFA are intended to establish national self-  
 29 sufficiency and self-reliance in the advancement of and protection of the national  
 30 integrity, enhancement of national security, decentralization of governmental functions  
 31 and authority, and promote an efficient and effective working relationship among the

1 BACSEZFA, the National Government and the LGUs. Any interpretation of this Act shall  
2 consider such intentions. In the event of conflict of interpretation and provided the  
3 intentions cannot be harmonized, the provisions of this Act shall be construed in favor of  
4 an interpretation that would tend to protect national security.

5 **SEC. 23. *Applicability Clause.*** – Insofar as these are consistent with the  
6 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916  
7 otherwise known as “The Special Economic Zone Act of 1995” shall likewise apply to the  
8 Bulacan Ecozone.

9 **SEC. 24. *Implementing Rules and Regulations.*** – The DTI, DOF and the  
10 NEDA shall formulate the implementing rules and regulations of this Act.

11 **SEC. 25. *Separability Clause.*** - If any provision of this Act shall be held  
12 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full  
13 force and effect.

14 **SEC. 26. *Repealing Clause.*** - All laws, executive orders or issuances or any  
15 part thereof, which are inconsistent herewith, are hereby repealed or amended  
16 accordingly.

17 **SEC. 27. *Effectivity.*** - This Act shall take effect fifteen (15) days after its  
18 publication in the *Official Gazette* or in a newspaper of general circulation.

19 Approved,