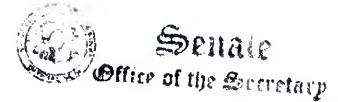


NINETEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



'22 AUG -3 P3 :04

SENATE
S.B. No. 1013

RECEIVED BY:

Introduced by **SENATOR IMEE R. MARCOS**

**AN ACT
ESTABLISHING THE BULACAN AIRPORT CITY SPECIAL ECONOMIC ZONE
AND FREEPORT, PROVINCE OF BULACAN AND APPROPRIATING FUNDS
THEREFOR**

EXPLANATORY NOTE

Article II, Section 20 of the 1987 Philippine Constitution provides that, *"The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments."*

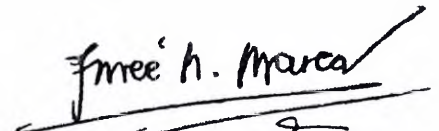
The United Nations Conference on Trade and Development (UNCTAD) defines Special Economic Zones (SEZs) in its World Investment Report 2019 as geographically delimited areas within which governments facilitate industrial activity through fiscal and regulatory incentives and infrastructure support. Currently, there are over 5,300 SEZs in over 140 economies.

According to the United Nations (UN) Habitat, SEZs have been a popular policy instrument to stimulate economic growth. It has widely been present globally in both developed and developing countries. Moreover, economies benefit from the clustering of industries either as firms in the same sector (localization economies) or as diverse firms in the same location (urbanization economies). Studies also show that a strategic location close to key infrastructure hubs, large markets and labor pools is fundamental to attracting investors into a zone. SEZs that are located in urban centers which are densely populated tend to be successful.

San Miguel Corporation is currently building a new airport in Bulakan, Bulacan. The new airport will cover a total land area of 2,500 hectares and will accommodate six runways, with a total capacity of 100 million passengers annually. The establishment

of an ecozone in the area will attract world-class semiconductor manufacturers, electric vehicle makers, and other emerging tech industries, which is projected to translate to \$200 billion of additional exports.

For the foregoing reasons, the passage of this bill is earnestly sought.


IMEE R. MARCOS

'22 AUG -3 P 3 :06

SENATE

S.B. No. 1013

RECEIVED BY: 

Introduced by **SENATOR IMEE R. MARCOS**

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 House of Representatives of the Philippines in 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.*"

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 AND FREEPORT

SEC. 3. *Creation of the Bulacan Airport City Special Economic Zone and Freeport.* – In accordance with the foregoing declared policy and subject to the concurrence of the affected local government units (LGUs) of Bulacan, there is hereby

1 established a Special Economic Zone and Freeport, hereinafter referred to as the
2 Bulacan Ecozone. The Bulacan Ecozone shall cover the domestic and international
3 airport, the Airport City to be developed adjacent to the airport, and lands adjacent to
4 the Airport City as may be determined hereinafter. The specific metes and bounds of
5 the Bulacan Ecozone shall be more particularly defined in a presidential proclamation
6 that shall be issued for this purpose: *Provided*, That the lands embraced therein shall
7 be contiguous to one another.

8 **SEC. 4. Creation of the Bulacan Airport City Special Economic Zone and**
9 **Freeport Authority.** – There is hereby created a body corporate to be known as the
10 “Bulacan Airport City Special Economic Zone and Freeport Authority” hereinafter
11 referred to as the BACSEZFA, which shall manage and operate the Bulacan Ecozone, in
12 accordance with the provisions of this Act. The corporate life of the Authority shall
13 expire in fifty (50) years counted from the first year after the effectivity of this Act,
14 unless otherwise extended by Congress. It shall be organized within one hundred eighty
15 (180) days after the effectivity of this Act.

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

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

24 b) The Bulacan Ecozone shall be equipped with transportation,
25 telecommunications and other facilities needed to attract legitimate and productive
26 investments, generate linkage industries and employment opportunities for the people
27 of the Municipality of Bulakan and its neighboring towns and cities;

28 c) The Bulacan 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;

33 d) Foreign citizens and companies owned by non-Filipinos in whatever
34 proportion may set up enterprises in the Bulacan Ecozone, either by themselves or in

1 a joint venture with Filipinos in any sector of industry, international trade and
2 commerce within the Bulacan Ecozone;

3 e) The Bulacan Ecozone shall be managed and operated as a separate customs
4 territory thereby ensuring the free flow or movement of goods and capital within, into,
5 and out of its territory, and shall likewise provide incentives such as tax and duty-free
6 importations of raw materials, capital and equipment to registered enterprises located
7 therein, as provided under Republic Act No. 11534, otherwise known as the "*Corporate*
8 *Recovery And Tax Incentives For Enterprises Act*";

9 f) The areas comprising the Bulacan Ecozone may be expanded or reduced
10 when necessary through a Presidential Proclamation issued for the purpose.

11 g) Goods manufactured by a Bulacan Ecozone enterprise shall be made available
12 for immediate retail sale in the domestic market, subject to the payment of
13 corresponding taxes on raw materials and other regulations that may be formulated by
14 the BACSEZFA together with the PEZA, the Bureau of Customs (BOC), and the DTI.
15 However, in order to protect domestic industries, a Negative List of industries shall be
16 drawn up and regularly updated by PEZA. Enterprises engaged in industries included
17 in such Negative List shall not be allowed to sell their products locally; and

18 h) The defense of the Bulacan Ecozone and the security of its perimeter fence
19 shall be the responsibility of the National Government, in coordination with the
20 BACSEZFA and the LGUs.

21 **SEC. 6. *Development Goals of the Bulacan Ecozone.*** – The BACSEZFA
22 shall include in its development goals for the Bulacan Ecozone the construction and
23 operation of a domestic and international airport and allied businesses within the
24 framework of national development plans, policies and goals. The Chairperson-
25 Administrator shall, upon approval by the Board, submit the Bulacan Ecozone plans,
26 programs and projects to the Regional Development Council for inclusion and inputs to
27 the overall regional development plan.

28 **SEC. 7. *Capitalization.*** – The BACSEZFA shall have an authorized capital stock
29 of two billion (2,000,000,000) no-par shares at a minimum issue of Ten pesos (P10.00)
30 each, the majority shares of which shall be subscribed and paid for by the National
31 Government and the LGUs embracing the BACSEZFA. The Board of Directors of the
32 BACSEZFA may, with the written concurrence of the Secretary of Finance, sell shares,
33 representing not more than forty *per centum* (40%) of the capital stock of the
34 BACSEZFA to the general public under such policy as the Board and the Secretary of

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

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

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

11 **SEC. 9. *Powers and Functions of the BACSEZFA.*** – The BACSEZFA shall
12 have the following powers and functions:

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

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

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

19 d) To undertake the establishment, construction, operation and maintenance
20 of public utilities, other services, and infrastructure in the Bulacan Ecozone such as light
21 and power, shipping, barging, stevedoring, cargo handling, hauling, warehousing,
22 storage of cargo, port services or concessions, piers, wharves, bulkheads, bulk
23 terminals, mooring areas, storage areas, roads, telecommunications, transport,
24 bridges, terminals, conveyors, water supply and storage, sewerage, and drainage,
25 *Provided*, That such shall be in compliance and coordination with the rules and
26 regulations of the concerned departments and agencies;

27 e) To construct, acquire, own, lease, operate and maintain on its own or
28 through contracts, franchise, licenses, bulk purchase from the private sector or permits
29 under any of the schemes allowed in Republic Act No. 6957, otherwise known as the
30 "*Build-Operate-Transfer Law*", as amended, or joint venture, adequate facilities and
31 infrastructure required or needed for the operation and development of the Bulacan

1 Ecozone, in coordination with appropriate national and local government authorities
2 and in conformity with applicable laws thereof;

3 f) To approve plans, programs and projects of the Bulacan Ecozone, to be
4 submitted to the Regional Development Council for inclusion and inputs to the overall
5 Regional Development Plan;

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

12 i) To create, operate or contract to operate such functional units or offices of
13 the BACSEZFA, as it may deem necessary;

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

17 k) To issue certificates of origin for products manufactured or processed in the
18 Bulacan Ecozone, in accordance with prevailing rules of origin and the pertinent
19 regulations of the PEZA, the DTI and/or, the Department of Finance (DOF);

20 l) To establish one-stop shops for the issuance of all necessary permits,
21 clearances, licenses, and other similar certifications to conduct such activities intended
22 to improve the ease of doing business within the Bulacan Ecozone, in coordination with
23 government agencies having jurisdiction over activities therein: *Provided*, That all
24 government agencies are directed to provide and extend utmost and full cooperation
25 to the Bulacan Ecozone in the establishment of such one-stop shops;

26 m) To provide internal security to the Bulacan Ecozone, in coordination with the
27 National government and affected LGU. For this purpose, the BACSEZFA shall provide
28 and establish its own internal security and firefighting forces or hire others to provide
29 the same;

30 n) To exercise such powers as may be essential, necessary or incidental to the
31 powers granted to it hereunder, as well as those that shall enable it to carry out,
32 implement and accomplish the purposes, objectives and policies of this Act; *and*

1 o) To issue rules and regulations consistent with the provisions of this Act, as
2 may be necessary, to accomplish and implement the purposes, objectives, and policies
3 provided herein.

4 **SEC. 10. Board of Directors of the BACSEZFA.** – The powers of the
5 BACSEZFA shall be vested in and exercised by a Board of Directors, hereinafter referred
6 to as the "*Board*", which shall be composed of the following:

7 a) The Chairperson, who shall at the same time be the Administrator of the
8 BACSEZFA;

9 b) A Vice-Chairperson who shall be elected from among the Members of the
10 Board of Directors;

11 c) Members consisting of:

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

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

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

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

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

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

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

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

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

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

1 death, resignation or removal for cause, their replacements shall serve only the
2 unexpired 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 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
11 rules and regulations: *Provided, however,* That the total *per diem* collected each month
12 shall not exceed the equivalent per diem for four (4) meetings. Unless and until the
13 President of the Philippines has fixed a higher *per diem* for the members of the
14 Board, such *per diem* shall not be more than Ten thousand pesos (P10,000.00)
15 for every Board meeting.

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

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

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

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

31

32 a) To direct and manage the affairs of the BACSEZFA, in accordance with the
33 policies of the Board;

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

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

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

17 **SEC.15. Fiscal Incentives.** – Registered enterprises operating within the
18 Bulacan Ecozone may be entitled to the existing fiscal incentives provided and granted
19 under Title XIII (Tax Incentives) of the National Internal Revenue Code of 1997, as
20 amended by Republic Act No. 11534, otherwise known as the "*Corporate Recovery And*
21 *Tax Incentives For Enterprises Act*".

22 **SEC. 16. Administration, Implementation and Monitoring of**
23 ***Incentives.*** – In the interest of enhancing transparency in the management and
24 accounting of tax incentives in the Bulacan Ecozone, and ensuring the proper
25 administration, management, enforcement, implementation and monitoring of tax
26 incentives, the BACSEZFA shall comply with the provisions of Republic Act No. 11534,
27 otherwise known as the "*Corporate Recovery And Tax Incentives For Enterprises Act*".

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

1 integrity, enhancement of national security, decentralization of governmental functions
2 and authority, and promote an efficient and effective working relationship among the
3 BACSEZFA, the National Government and the LGUs. Any interpretation of this Act shall
4 consider such intentions. In the event of conflict of interpretation and provided the
5 intentions cannot be harmonized, the provisions of this Act shall be construed in favor
6 of an interpretation that would tend to protect national security.

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

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

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

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

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

Approved,