

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



16 JUL 19 10:31

SENATE

RECEIVED BY: 

S. B. No. 437

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Introduced by SENATOR LOREN LEGARDA

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**AN ACT ESTABLISHING THE LAKE LANA O DEVELOPMENT AUTHORITY,  
DEFINING ITS POWERS, FUNCTIONS AND DUTIES, APPROPRIATING  
FUNDS THEREFOR AND FOR OTHER PURPOSES**

Explanatory Note

Lake Lanao and its watersheds are now in the middle of an ecological crisis. A 2006 study made by the Mindanao State University found that the Lake suffers from massive algae contamination brought about by indiscriminate logging, extensive land-use and farming. These findings further raise the alarm on the Lake's situation following earlier reports that around 90 percent of its endemic freshwater species are already extinct due to the introduction of foreign species in the Lake and the construction of hydroelectric power plants in the area, which disturbed the watershed's ecological balance. Widespread illegal logging in its watersheds has also affected the Lake's ability to supply water to the Agus river which serves as its only outlet and supports hydroelectric powerplants.

The Lake's continued deterioration is most unfortunate given its historical, cultural, economic and ecological importance to the country. Known as one of the world's 17 ancient lakes and the country's largest freshwater lake, Lake Lanao is found in the province of Lanao del Sur which is part of the Autonomous Region in Muslim Mindanao (ARMM). Being the only ancient lake in the Philippines, Lake Lanao is considered of prime ecological importance which justified the establishment of the Lake Lanao Watershed way back in 1992 pursuant to Presidential Proclamation No. 871. Considered as part of their ancestral domain, Lake Lanao is also of significant historical and cultural importance to indigenous peoples, particularly the Maranao peoples who continue to live in areas surrounding the lake. More importantly, it plays an important role in securing Mindanao's energy needs as it supplies water to its existing hydroelectric powerplants, collectively responsible for a big fraction of the island's energy needs.

This bill seeks to establish an effective policy and regulatory administration over Lake Lanao through the Lake Lanao Development Authority, thereby ensuring the promotion and development of Mindanao's important natural resource base in a sustainable manner. The salient provisions are as follows:

- a) Granting the Lake Lanao Development Authority the exclusive jurisdiction to issue Environmental Compliance Certificates (ECCs) / Certificate of Non Coverage (CNCs) required under Presidential Decree No. 1586 and grant permits for any projects or activities in or affecting the Lake Lanao Area;
- b) Adopting the integrated water resources management to promote sustainable development in the area;
- c) Creating the Public Hearing Committee to strengthen the Lake Lanao Development Authority's ability to resolve disputes;
- d) Mandating the National Police Commission to create the Lake Lanao Police exclusively for the Lake Lanao area, trained especially for enforcement of fisheries and environmental laws and the rules of regulations duly promulgated by the Lake Lanao Development Authority.

In view of the foregoing, immediate passage of this bill is earnestly sought.

  
**LOREN LEGARDA**

Senator



16 JUL 19 AIO:31

SENATE

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**AN ACT ESTABLISHING THE LAKE LANA O DEVELOPMENT AUTHORITY, DEFINING ITS POWERS, FUNCTIONS AND DUTIES, APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES**

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

1 **SECTION 1. Title.** - This Act shall be known as the "Lake Lanao Development  
2 Act of 2016."

3 **SEC. 2. Declaration of Policy** - It is hereby declared the policy of the State to  
4 promote and develop Lake Lanao in a sustainable manner along with the  
5 surrounding areas that comprise its region, hereinafter referred to as the Lake  
6 Lanao Area, with Lake Lanao as its focal point whose water resources must be  
7 systematically managed and protected for various uses.

8 For this purpose, the State adopts an integrated water resources management  
9 approach, using the lake's watersheds/ sub-watersheds as planning units to  
10 interconnect and integrate its various ecosystems pursuant to Art. II, Sec. 16 of  
11 the 1987 Constitution: "The State shall protect and advance the right of the  
12 people to a balanced and healthful ecology in accord with the rhythm and  
13 harmony of nature."

14 In accordance with the integrated water resources management approach, any  
15 development program in the region shall always be undertaken with due regard  
16 to suitable environmental management and the prevention of undue ecological  
17 disturbances, resource deterioration and pollution with the end in view of  
18 enabling the lake to safeguard its historical, cultural, economic and spiritual  
19 importance among the communities living in its environs, and to realize its full  
20 potentials, including among other uses as a major resource in power  
21 generation.

22 **SEC. 3. Lake Lanao Area.** - For purposes of this Act, the Lake Lanao Area,  
23 hereinafter referred to as the Area, shall primarily comprise all the cities, towns  
24 or municipalities within Lanao del Sur. Provided, that any new province, city,  
25 town or municipality created in the future out of the aforementioned province,  
26 city, town or municipality that are critical in ensuring effective conservation  
27 and management of Lanao Lake shall form part of the Lake Lanao Area.  
28 Provided, further, that the Lanao Lake Development Authority, upon  
29 consultation and approval, of the National Water Resources Board (NWRB) and  
30 the Department of Environment and Natural Resources (DENR), may include

1 nearby rivers and watersheds which are deemed critical for the conservation of  
2 the Lake Lanao Watershed.

3 **SEC. 4. Creation of the Lake Lanao Development Authority.** - To effectively  
4 carry out the declared policy, there is hereby created under the Office of the  
5 President of the Philippines, a body corporate to be known as the Lake Lanao  
6 Development Authority hereinafter referred to as the Authority, which shall  
7 pursue environment friendly development of the Area. It shall have exclusive  
8 jurisdiction to issue Environmental Compliance Certificates (ECCs)/  
9 Certificates of Non Coverage (CNCs) required under Presidential Decree No.  
10 1586 and grant permits for any projects or activities in or affecting the Area  
11 including, but not limited to, industrial and commercial activities, navigation,  
12 irrigation, power generation, housing, resettlement and other forms of land  
13 developments, construction and operation of fishpens/ fishcages, aquaculture  
14 development, reclamation, and similar or related activities.

15 **SEC. 5. Powers and Functions.** - The Authority shall have the following  
16 purposes and functions:

17 (a) Make a comprehensive survey of the Lake Lanao Area, including its  
18 socio- economic conditions, lake water quality, irrigation, water supply,  
19 transport route, reservoir of floodwater, hydroelectric power supply,  
20 scenic and tourist spots, state of its watersheds, the tributary rivers and  
21 other physical and natural resource potentials, and on the basis thereof,  
22 to craft a comprehensive and detailed Lake Lanao Development Plan to  
23 promote its sustainable development; Provided, that, the Authority shall  
24 prepare the plan in consultation with other stakeholders of Lake Lanao  
25 including, but not limited to, representatives of indigenous peoples,  
26 agricultural, commercial, industrial users, hydrology experts, the  
27 academe, civil society organizations active in conservation of Lake Lanao,  
28 and local government units; Provided, further, that, the implementation  
29 of all plans and programs of the Authority shall require prior  
30 consultation with the National Economic and Development Authority  
31 (NEDA), the Mindanao Development Authority (MinDA), and the NWRB to  
32 ensure that such plans and programs are consistent with national plans  
33 and programs;

34 (b) Pass upon and approve all plans, programs and projects proposed by  
35 local government units, public corporations and private entities that are  
36 related to the utilization of the resources and the development of Lake  
37 Lanao and the Area, and monitor the proper implementation of said  
38 plans, programs and projects, consistent with the objectives and  
39 purposes of this Act. With mandatory prior consultation with the DENR,  
40 the Authority shall issue the necessary permit for approved plans,  
41 programs and projects, Provided, That, any application for permit that  
42 has been disapproved by the Authority may be appealed to the Office of  
43 the President within fifteen (15) days from receipt of such disapproval,  
44 whose decision shall be final;

45 (c) Harness and promote private participation in business ventures in terms  
46 of capital expenditures, land, expertise, financing and their facilities for  
47 the development and growth of the Area;

48 (d) Plan, program, finance and/or undertake infrastructure projects such as  
49 river, flood and tide control works, waste water and sewerage works,  
50 water supply, roads, pot works, irrigation, housing and related works

1 when so required within the context of its development plans and  
2 programs, including the readjustment; relocation or restoration, or  
3 resettlement of population, as may be deemed necessary and beneficial  
4 by the Authority: Provided, That, should any project be financed wholly  
5 or in part by the Authority, it is hereby authorized to collect reasonable  
6 fees and tolls as may be fixed by its Board of Directors from users and/or  
7 beneficiaries thereof to recover costs of construction, operation and  
8 maintenance of the projects: Provided, Further, That if the Authority  
9 should find it necessary to undertake such infrastructure project as  
10 social overhead capital projects, the Authority shall be authorized to  
11 receive financial assistance from the government and foreign donors,  
12 subject to such terms and conditions that may be imposed by the  
13 Government;

14 (e) Reclaim or cause to be reclaimed portions of Lake Lanao or undertake  
15 reclamation projects and/or acquire such bodies of land from the Lake  
16 which may be necessary to accomplish the aims and purposes of the  
17 Authority; Provided, That, the land so reclaimed shall be the property of  
18 the Authority and title thereto shall be vested in the Authority: Provided,  
19 further, That the resulting lakeshore area shall continue to be owned by  
20 the National Government;

21 (f) Establish research centers to undertake studies on the marine and other  
22 natural resources of Lake Lanao for policy or plan formulation and  
23 project implementation;

24 (g) Exercise surface and groundwater rights within the Area;

25 (h) Exercise exclusive jurisdiction to issue, renew, or deny permits for the  
26 use of the lake waters for any projects, including navigation,  
27 construction, operation of fish pens, fish enclosures, fish corral and the  
28 like, and to impose necessary safeguard for lake quality control and  
29 management and to collect necessary fees for said activities and projects:  
30 Provided, That, the Authority's Board may determine new areas of fishery  
31 development or activities, taking into account the over-all development  
32 plans and programs for Lake Lanao: Provided, further, that the Authority  
33 shall, subject to the approval of the President of the Philippines,  
34 promulgate such rules and regulations which shall govern fisheries  
35 development activities in Lake Lanao, including the advisability of  
36 placing the supervision of said activities under the Bureau of Fisheries  
37 and Aquatic Resources of the local government units in the Area;

38 (i) Issue orders or decisions, after notice and hearing, to ensure compliance  
39 with the provisions of this Act and its implementing rules and  
40 regulations;

41 (j) After due notice and hearing, revoke, suspend or modify any permit  
42 issued under this Act whenever the same is necessary to prevent or  
43 abate pollution;

44 (k) Deputize in writing, or request assistance of, appropriate government  
45 agencies or instrumentalities for the purpose of enforcing this Act and its  
46 implementing rules and regulations and the orders and decisions of the  
47 Authority;

1 (l) Impose administrative fines of not less than Fifty Thousand Pesos (PhP  
2 50,000.00) and other penalties it may deem reasonable and appropriate  
3 for non-compliance with permit conditions and for undertaking  
4 development without clearance from the Authority against any person  
5 juridical or otherwise within the Area who may be found violating, or  
6 have in fact violated, any of its rules and regulations;

7 The Authority is likewise hereby authorized to institute the necessary  
8 legal proceedings against those who shall commence to implement any  
9 project, plan or program within the Area not cleared and approved by the  
10 Authority;

11 (m) Require the cities and municipalities embraced within the area to pass  
12 appropriate zoning ordinances and regulatory measures to carry out the  
13 objectives of the Authority and to enforce the same with the assistance of  
14 the Authority;

15 (n) Authorize its bonafide representatives at all reasonable times to enter  
16 any public property and private property devoted to industrial,  
17 manufacturing, processing, or commercial use for the purpose of  
18 inspecting and investigating conditions related to pollution or possible or  
19 imminent pollution;

20 (o) Promulgate and establish, in coordination with the DENR and other  
21 existing government agencies, water quality standards for industrial,  
22 agricultural and municipal waste discharges into the Lake and to ensure  
23 the cooperation of said existing agencies of the Government in enforcing  
24 such standards;

25 (p) Undertake studies on the improvement and maintenance of the desirable  
26 water quality of Lake Lanao, and in pursuance thereof, prepare a water  
27 quality management program on a continuing basis, which the Authority  
28 shall carry out with the assistance and support of the national and local  
29 government units involved in water quality management;

30 (q) Monitor water quality not only in the Lake proper but also in its major  
31 tributary rivers;

32 (r) Conduct activities that promote the cultural, economic, environmental,  
33 and historical importance of Lake Lanao in the overall development of the  
34 Area and of Mindanao among the communities living within the Area,  
35 emphasizing a multi-stakeholder approach in conserving the Lake; and

36 (s) Exercise such powers and perform such other functions as may be  
37 necessary to carry out its duties and responsibilities under this Act.

38 **Sec. 6. Corporate Powers.** - The Authority shall exercise the following powers  
39 and functions:

- 40 a. Sue and be sued in its corporate name;  
41 b. Adopt and use a corporate seal with judicial notice;  
42 c. Undertake the programs and projects specified in Section 4 hereof;  
43 d. Engage in agricultural, industrial and commercial or other activities  
44 necessary or directly contributory to the socio-economic development of  
45 the Area, and, for this purpose, whether by itself or in cooperation with  
46 private entities, to organize, finance, invest in, and operate subsidiary

1 corporations: Provided, That, the Authority shall engage only, unless  
2 public interest requires otherwise, in those activities as are in the nature  
3 of new ventures or are clearly beyond the scope, capacity or interest of  
4 private enterprises;

5 e. Invest in or otherwise acquire, own, hold, use, operate, sell, assign,  
6 transfer, exchange, mortgage, pledge, lease, develop or otherwise deal in,  
7 real property of every kind and description, including shares of stock,  
8 bonds, debentures, notes, evidence of indebtedness, and other securities;

9 f. Exercise the right of eminent domain or acquire by purchase, privately  
10 owned land within the area for purposes of implementing projects of the  
11 Authority;

12 g. Borrow funds from any local or foreign financial institutions  
13 independent of the bonds it may issue to carry out the purposes of the  
14 authority;

15 h. Acquire, lease, or own such property or assets in whatever form and  
16 serve as the custodian of such properties or assets, real or movable, and  
17 sell or otherwise dispose of the same as the Authority may deem it  
18 necessary in the pursuit of its aims, objectives and purposes;

19 i. Lend or facilitate the extension of financial assistance and/or act as  
20 surety or guarantor to worthwhile agricultural, industrial and  
21 commercial enterprises;

22 j. Accept grants, donations, gifts, bequests, funds and/or properties in  
23 whatever form and whatever source in coordination with the appropriate  
24 agency and administer the same in accordance with the terms thereof, or  
25 in the absence of any condition, in such manner consistent with the  
26 policy, aims and objectives of the Authority provided for in this Act;

27 k. Enter into a contract of any kind and description to enable it to carry  
28 out its purposes and objectives;

29 l. Issue such rules and regulations as may be necessary to effectively  
30 carry out the powers and purposes herein provided, including plans,  
31 programs and projects of the Authority, the same to take effect thirty (30)  
32 days after publication thereof, in a newspaper of general circulation; and

33 m. For the purposes of attaining or in furtherance of any of its objectives,  
34 to perform any and all acts which a corporation, co-partnership, or  
35 natural person is authorized to perform under the laws existing or which  
36 may be enacted hereafter.

37 **Sec. 7. Board of Directors.** – The corporate powers and functions of the  
38 Authority shall be vested in and exercised by a Board of Directors, hereinafter  
39 referred to as the Board, which shall be composed of the following:

- 40 (1) Secretary of Environment and Natural Resources, Chairman
- 41 (2) General Manager, Lanao Lake Development Authority, Vice-  
42 Chairman
- 43 (3) Secretary of Energy
- 44 (4) Regional Governor, Autonomous Region in Muslim Mindanao
- 45 (5) Governor, Lanao del Sur
- 46 (6) Governor, Lanao del Norte
- 47 (7) Mayor, Marawi City
- 48 (8) Representative, Hydroelectric powerplant owners
- 49 (9) Representative, Mindanao State University
- 50 (10) Representative, Indigenous Peoples
- 51 (11) Representative, Civil Society Organization
- 52

53 All representatives, to be appointed by the President of the Republic of the  
54 Philippines, shall serve for a term of three (3) years, unless sooner removed

1 from or is incapacitated to perform functions of the office; Provided, further,  
2 that, representatives have widely known expertise and/or track record in the  
3 sector they appointed to represent in the Board.

4  
5 **SEC. 8. Powers and Functions of the Board.** – The Board of Directors shall  
6 exercise the following powers and functions:

- 7 (a) Prescribe rules and regulations to govern the conduct of business of the  
8 Authority;  
9 (b) Approve the Authority's organizational structure and corresponding  
10 staffing pattern;  
11 (c) Fix the compensation of all officials from department heads, and others  
12 of comparable rank including two (2) Assistant General Managers upon  
13 the recommendation of the General Manager;  
14 (d) By a majority vote of all members of the Board, suspend, remove or  
15 otherwise discipline for just cause all officials appointed by the Board;  
16 (e) Approve the annual working program and budget of the Authority;  
17 (f) Perform such other acts and functions as may be necessary to carry out  
18 the provisions of this Act;

19 **SEC. 9. Power to Incur Debts and to Issue Bonds.** - Whenever the Board of  
20 Directors may deem it necessary for the Authority to incur an indebtedness or  
21 to issue bonds to carry out the provisions of this Act, it shall, by resolution, so  
22 declare and state the purposes for which the proposed debt is to be incurred.  
23 The resolution shall be passed by the affirmative vote of at least six (6)  
24 members of the Board and approved by the President of the Philippines upon  
25 the recommendation of the Secretary of Finance in consultation with the  
26 National Economic Development Authority (NEDA) and the Monetary Board.

27 **SEC. 10. Board Meetings.** – The Board shall meet preferably at its principal  
28 office at least once a month and as frequently as necessary to discharge its  
29 duties and responsibilities properly. The Board shall be convened by the  
30 Chairman or upon the written request of a majority of its members. Except  
31 when otherwise provided for in this Act, the vote of a majority of the members  
32 constituting a quorum shall be sufficient for the adoption of any rule,  
33 resolution, decision or any act of the Board.

34 **SEC. 11. Quorum.** - The presence of six (6) members of the Board, including  
35 the Chairman or Vice-chairman, shall constitute a quorum for the transaction  
36 of the business of the Board.

37 **SEC. 12. Per Diems and Allowances.** – The members of the Board shall  
38 receive a per diem of Two Thousand Five Hundred Pesos (PhP 2,500.00) for  
39 every meeting but in no case will the total amount received exceed the sum of  
40 Five Thousand Pesos (PhP 5,000.00). Members of the Board shall be entitled to  
41 commutable transportation and representation allowances in the performances  
42 of official functions for the Authority the aggregate amount of Five Thousand  
43 Pesos (Php 5,000.00) for any one month.

44 **SEC. 13. Prohibition against Conflict of Interest.** - No member of the Board  
45 shall be financially interested, directly or indirectly, in any contract entered  
46 into by the Authority or in any special privilege granted by the Authority during  
47 his term of office. All contracts entered into in violation of the provision of this  
48 Section shall, by two thirds (2/3) vote of the Board, automatically be  
49 disqualified from serving his unexpired term, and he shall furthermore be  
50 perpetually disqualified for membership in the said Board;



1 **SEC. 14. General Manager, Powers and Functions.** - The General Manager  
2 shall be the chief executive of the Authority, as such, he or she shall have the  
3 following powers and functions:

- 4 (a) Submit, for the consideration of the Board, the policies and measures  
5 which he or she believes to be necessary to carry out the purposes and  
6 provisions of this Act;
- 7 (b) Execute and administer the policies, plans, programs and projects  
8 approved by the Board;
- 9 (c) Direct and supervise the operation and internal administration of the  
10 Authority. The General Manager may delegate some of his or her  
11 administrative responsibilities to other officers of the Authority subject to  
12 the rules and regulations of the Board;
- 13 (d) Prepare the annual budget of the Authority for the consideration of the  
14 Board;
- 15 (e) Prepare the plantilla and appoint officials and employees below the rank  
16 of division heads, to positions in the approved budget upon written  
17 recommendations of the division head concerned, using as a guide the  
18 standard set forth and such other reports as may be required;
- 19 (f) Exercise such other powers as may be vested in him by the Board.

20 **SEC. 15. Representation of the Authority.** - The General Manager shall be  
21 the principal representative of the Authority. He shall be empowered, in such  
22 capacity and in accordance with the instructions of the Board:

- 23 (a) Represent the Authority in all dealings with other offices, agencies, and  
24 instrumentalities of the Government and with all other persons and  
25 entities, whether public or private domestic, foreign or international;
- 26 (b) Sign contracts concluded by the Authority, annual reports, balance  
27 sheets, profit and loss statements, correspondences and other  
28 documents of the Authority; and
- 29 (c) Represent the Authority, either personally or through counsel, in any  
30 legal proceedings or actions.

31 **SEC. 16. Tenure of Office of the General Manager.** - The General Manager  
32 shall be appointed by the President of the Philippines for a fixed term of six (6)  
33 years, unless otherwise earlier removed from office for cause. In case of  
34 resignation, retirement, separation, transfer, re-assignment, removal and other  
35 cause of cessation from office, the replacement shall serve only for the  
36 unexpired portion of the term.

37 **SEC. 17. Compensation.** - The General Manager shall receive compensation  
38 subject to the determination by the Board chargeable against the annual  
39 appropriation of the Authority. The Board may provide him/her reasonable per  
40 diems and allowances to supplement his basic salary.

41 **SEC. 18. Departments.** - There shall be created the following departments  
42 within the authority: the Administrative, Corporate Legal Affairs, Finance,  
43 Policy Planning and Management Services, Environmental Protection,  
44 Integrated Water Resources Management Services, The head of each  
45 Department shall be appointed by the Board upon recommendation of the  
46 General Manager, and shall receive an annual compensation as may be fixed  
47 by the Board.

48 The Board shall periodically review the appropriateness of the existing  
49 organizational structure and amend the same whenever it may deem necessary

1 and beneficial to achieve the purposes of this Act and to be able to respond  
2 efficiently and effectively to the Authority's mandate as herein provided;

3 **SEC. 19. Personnel.** – The Board of Directors shall provide for an organization  
4 and staff of officers and employees of Lake Lanao Development Authority and  
5 upon recommendation of the General Manager, fix their remunerations and  
6 other emoluments; All positions in the Authority shall be governed by the  
7 compensation, position classification system and qualification standards  
8 approved by the General Manager with the concurrence of the Board of  
9 Directors based on a comprehensive job analysis of actual duties and  
10 responsibilities.

11 The compensation plan shall be comparable with the prevailing compensation  
12 plans in the Philippine Economic Zone Authority (PEZA), the Bases Conversion  
13 Development Authority (BCDA), the Clark Development Corporation (CDC) and  
14 the private sector and shall be subject to the periodic review by the Board of  
15 Directors every two (2) years, without prejudice to yearly merit reviews or  
16 increases based on productivity and profitability. The Authority shall be exempt  
17 from existing laws, rules and regulations on compensation, position  
18 classification and qualification standard. It shall however endeavor to make its  
19 systems conform as closely as possible with the principles under the  
20 Compensation and Position Classification Act of 1989 (RA No. 6758, as  
21 amended).

22 Employees and officers of the Authority including the appointed Members of  
23 the Board shall not engage directly or indirectly in partisan activities or take  
24 part in any election, except to vote.

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

28 **SEC. 20. Auditing.** - The auditing department shall be headed by the duly  
29 appointed representative of the Commission on Audit whose salary shall be  
30 determined and paid according to law. All personnel of the auditing department  
31 shall be appointed, and their number and salaries fixed by the Commission on  
32 Audit.

33 **SEC. 21. Damages.** – Compensation for any damage to the water and aquatic  
34 resources of Lake Lanao and its tributaries resulting from failure to meet  
35 established water and effluent quality standards or from such other wrongful  
36 act or omission of a person, private or public, juridical or otherwise, punishable  
37 under the law shall be awarded to the Authority for water quality control and  
38 watershed management projects.

39 **SEC. 22. Annual Fees.** – The Lake Lanao Development Authority is hereby  
40 authorized to collect annual fees for the use of the lake waters and its  
41 tributaries for all beneficial purposes including fisheries, aquaculture,  
42 municipal, industrial, agricultural including irrigation, hydroelectric power  
43 generation, transport and navigation, waste disposal purposes, and recreation  
44 among others. All the fees collected shall be accordingly appropriated for the  
45 sustainable development of the lake and its watershed areas. The Authority's  
46 collection of fees shall form part of its corporate funds and shall not be  
47 remitted to the National Treasury as an exemption to the provisions of  
48 Presidential Decree No. 1234.

1 **SEC. 23. Capitalization.** - The Authority shall have an authorized capital of  
2 Two Billion Pesos (PhP2,000,000,000) no par value shares, of which the  
3 amount of One Billion Pesos (PhP1,000,000,000) shall be subscribed by the  
4 province, cities, and municipalities in the Area and at least twenty-five percent  
5 (25%) shall be subscribed by the National Government.

6 **SEC. 24. Appropriations.** - The sum of Fifty Million Pesos (PhP50,000,000)  
7 necessary for the initial operating expenses of the Authority is hereby charged  
8 to the appropriations authorized for the Regional Development Fund.  
9 Thereafter, the sum necessary for the continued operation and maintenance of  
10 the Authority shall be included in the annual budget of the Office of the  
11 President.

12 **SEC. 25. Creation of a Public Hearing Committee.** - For the purpose of  
13 effectively carrying out the quasi-judicial powers of the Authority within the  
14 Lake Lanao Watershed Area, a Public Hearing Committee is hereby created  
15 composed of a Chairman and two (2) other members to be designated by the  
16 General Manager. Any decision, order or resolution must be concurred by the  
17 majority member of the Committee and duly approved by the General Manager.

18 **SEC. 26. Creation of Lake Police Force.** - The National Police Commission  
19 shall constitute and assign a special police force, to be known as the Lake  
20 Lanao Police, exclusively for the Lake Lanao Area, trained especially for  
21 enforcement of environmental and fisheries laws and the rules and regulations  
22 promulgated by the Lake Lanao Development Authority.  
23

24 The extent of operational supervision and control by the General Manager over  
25 the Lake Lanao Police shall be the same as that of local chief executives over  
26 police force of local government units (LGUs) as defined in the Department of  
27 Interior and Local Government (DILG) Act of 1990 (RA 6975), in relation to Sec.  
28 73 of the Local Government Code of 1991 (RA 7160).  
29

30 **SEC. 27. Exemption from Tax.** - The Authority shall be exempt from payment  
31 of all taxes imposed by the National Government, its provinces, cities,  
32 municipalities and other government agencies and instrumentalities: Provided,  
33 That, its subsidiary corporations shall be subject to all said taxes five (5) years  
34 after their establishment under a graduated scale. Such exemption shall  
35 include any tax or fee imposed by the Government on the sale, purchase or  
36 transfer of foreign exchange and all notes, bonds, and debentures, and other  
37 obligations issued by the Authority, both as to the principal and interest.  
38

39 **SEC. 28. Penal and Civil Liability Clause.** - Any person, natural or juridical,  
40 who shall violate any of the provisions of this Act or any rules and regulations  
41 promulgated by the Authority pursuant thereto shall be liable to imprisonment  
42 of not exceeding three (3) years or to a fine not exceeding Fifty Thousand Pesos  
43 (PhP 50,000.00) or both at the discretion of the court. This is without prejudice  
44 to the imposition of penalties as may be provided under relevant and existing  
45 laws, rules, and regulations; Provided, that, for every two (2) years, periodic  
46 adjustments as recommended by the National Statistics Office (NSO), shall be  
47 implemented to maintain the deterrent function of the fine.  
48

49 **SEC. 29. Repealing Clause.** - All republic acts, executive orders, rules and  
50 regulations, and other issuances, or parts thereof, that are inconsistent with  
51 the provisions of this Republic Act are hereby repealed or modified accordingly.  
52

1 **SEC. 30. Separability Clause.** - If for any reason or reasons, any part or  
2 provision of this Act shall be declared or held to be unconstitutional or invalid  
3 other parts or provisions hereof, which are not affected thereby shall continue  
4 to be in full force and effect.

5  
6 **SEC. 31. Effectivity.** - This Act shall take effect fifteen (15) days following its  
7 publication in at least two (2) national newspapers of general circulation.

8 Approved.