



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

'17 FEB 13 P6:57

SENATE
S. No. 1325

RECEIVED BY: 

Introduced by **Senator Richard J. Gordon**

**AN ACT CREATING THE REGIONAL INVESTMENT AND
INFRASTRUCTURE CORPORATION OF CENTRAL LUZON
TO FACILITATE THE CREATION OF THE CENTRAL LUZON INVESTMENT
CORRIDOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

The State is primarily tasked to promote entrepreneurship and create job opportunities through full and efficient use of its resources. Article XII Section 1 (par. 2) of the 1987 Constitution provides that it is the responsibility of the State to "...promote industrialization and full employment based on sound agricultural development and agrarian reform, through industries that make full and efficient use of human and natural resources, and which are competitive in both domestic and foreign markets..." In this regard, there is a need for the State to encourage, promote, and maximize use of existing infrastructure so as to accelerate economic and social development of the country.

Infrastructures already existing in the country such as the interconnecting highways; railway in Luzon; seaports in Subic, Mariveles, Aurora, and Manila; and airports in Subic, Clark, and Manila, when integrated and optimized effectively and efficiently, with vast idle lands nearby, when utilized gainfully by the Special Economic Zones shall accommodate the development of agriculture, industry, tourism, and other enterprises. The interconnecting infrastructures could serve as an economic engine of growth for Central Luzon to promote and encourage entrepreneurship and to create various jobs and business opportunities to the Filipino people.

Moreover, because of the global accessibility and direct access of these transportation hubs to domestic and foreign markets, economic activities must not be highly concentrated in Metro Manila. With the establishment of the Central Luzon Investment Corridor, Metro Manila will be decongested, as industries and populations will be dispersed to other locations in Central Luzon by granting incentives thereto, thereby helping solve Metro Manila's long-standing traffic and congestion problem.

Therefore, the State must take advantage of the strategic infrastructures in Central Luzon as international transportation centers connecting the expansive areas in Luzon for the development of agriculture, industry, tourism, and other enterprises. The development of Special Economic Zones in the areas of Central Luzon through the Regional Investment and Infrastructure Corporation must, thus, be encouraged, as this will create business opportunities and various job opportunities for the Filipino workers.


RICHARD J. GORDON
Senator



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

1 SECTION 1. *Short Title.* – This Act shall be known as the “Regional Investment
2 and Infrastructure Corporation of Central Luzon.”

3 Sec. 2. *Policy.* – It is hereby declared the policy of the state to promote
4 entrepreneurship, investments, infrastructures, and encourage the creation of jobs and
5 business opportunities primarily in Central Luzon and the Special Economic Zones
6 created thereby, through strengthening and expanding the Bases Conversion
7 Development Authority (BCDA), the Subic Bay Metropolitan Authority (SBMA), the Clark
8 Development Corporation (CDC), the Aurora Pacific Economic Zone and Freeport
9 Authority (APECO), the Authority of the Freeport Area of Bataan (FAB), and other
10 Special Economic Zones, thereafter established, in Central Luzon to optimize the
11 interconnecting highways, railway, seaports and airports in Central Luzon and for other
12 purposes.

13 Sec. 3. *Purposes.* – This Act shall have the following purposes:

14 (a) To promote entrepreneurship by generating investments therefore creating
15 numerous jobs and business opportunities for the people;

16 (b) To optimize the connecting highways and railway in Central Luzon; seaports
17 in Subic, Mariveles, Aurora, and Manila; and airports in Subic, Clark, and Manila to
18 serve as an investment corridor for Central Luzon and eventually, the whole country;

19 (c) To encourage the Local Government Units (LGU) and the private sector to
20 establish Special Economic Zones and provide incentives therefor by maximizing the
21 creation of infrastructures resulting in numerous employment opportunities for the
22 people;

23 (d) To develop enterprise initiatives, encourage free trade, and foster national
24 and local pride in the Local Government Units (LGU) and private sectors as collective
25 stakeholders and pioneers for change in the development and integration of the Subic

1 Bay Freeport Zone (SBFZ), the Clark Freeport Zone (CFZ), the Freeport Area of Bataan
2 (FAB), the Aurora Pacific Economic Zone and Freeport (APECO) and other Special
3 Economic Zones by adhering to the principle of global competitiveness that encourage
4 business investments that are focused, fast, friendly, flexible, and forward-looking
5 through the provision of tax and fiscal incentives to private sectors who relocate to the
6 said areas. Furthermore, by providing additional benefits if the private sector involved
7 initiates to build schools and universities, hospitals, and local groceries within the area;

8 (e) To decongest Metro Manila by dispersing industries and populations to the
9 Subic Bay Freeport Zone (SBFZ), the Clark Freeport Zone (CFZ), the Freeport Area of
10 Bataan (FAB), the Aurora Pacific Economic Zone and Freeport (APECO) and other
11 Special Economic Zones which will improve the quality of life by developing sustainable
12 communities where residents live nearby where they work and where institutions such
13 as schools and universities, hospitals, utilities, among others are within close proximity;

14 (f) To lessen dependency on the national government and in the end, make the
15 Local Government Units (LGU), the Bases Conversion and Development Authority, the
16 Subic Bay Metropolitan Authority, the Clark Development Corporation, the Clark
17 International Airport Corporation (CIAC), the Aurora Province Economic Zone and
18 Freeport (APECO), the Freeport Area of Bataan (FAB), and other subsidiaries self-
19 sustaining, income-generating, and revenue-contributing entities provided the LGUs
20 concerned may actively join subject to their compliance with the Rules and Regulations
21 which will thereafter be established;

22 (g) To create sustainable industrial cities and communities that balances
23 economic growth and expansion having regard to environmental protection and
24 preservation taking into consideration the safe, orderly, convenient, and livable urban
25 space for the people living within their areas of employment, thereby decongesting
26 Metro Manila; and

27 (h) To prompt the Local Government Unit (LGU) concerned to provide public and
28 private financing to the private sectors who wish to relocate within the specified areas to
29 stimulate pump-priming of investments with the end view of providing a better quality of
30 life to all Filipinos.

31 Sec. 4. *Regional Investment and Infrastructure Corporation*— There is hereby
32 created a Regional Investment and Infrastructure Corporation of Central Luzon,
33 hereinafter referred to as "RIIC", to be composed of nineteen (19) members, to include:
34 (i) the Chairman of the Bases Conversion and Development Authority, (ii) the Chairman
35 of the Subic Bay Metropolitan Authority; (iii) the Chairman of the Clark Development
36 Corporation, (iv) the Chairman of the Aurora Province Economic Zone and Freeport (v)
37 the Chairman of the Authority of the Freeport Area of Bataan, (vi) the Provincial
38 Governors of the Provinces of Aurora, Tarlac, Zambales, Bataan, Pampanga, Nueva

1 Ecija, and Bulacan, (vii) the Chairman of the Metro Manila Development Authority, (viii)
2 the Director General of Philippine Economic Zone Authority, (ix) Chief Operating Officer
3 of the Tourism Infrastructure and Enterprise Zone Authority and (x) four (4) members
4 from the private sector, appointed by the President of the Philippines. The Chairman of
5 the RIIC shall be appointed by the President of the Philippines, chosen among the
6 nineteen (19) RIIC members.

7 Sec. 5. *Powers and Functions.* – The RIIC shall be vested with the following
8 powers and functions:

9 (a) To encourage all cities and municipalities within the Central Luzon to each
10 prepare, adopt, and implement a comprehensive and detailed master plan, which
11 includes zoning and urban planning, in consultation and coordination with the
12 appropriate national agencies and the local government units, for the sound and
13 balanced development of the zones, to promote the economic and social development
14 of the local communities in particular and the country in general;

15 (b) To initiate and coordinate all development and infrastructure projects linking
16 the seaports and airports to the Special Economic Zones and Tourism Enterprise Zones
17 within the area; *Provided, that* when necessary, the RIIC shall likewise handle the
18 bidding of the projects under the unsolicited build-operate-transfer or build-operate-own
19 schemes, or through solicited bids under applicable government procurement laws
20 and/or the rules promulgated by the National Economic Development Authority (NEDA);

21 (c) To grant and administer all fiscal and non-fiscal incentives available under the
22 Foreign Investments Law, the Omnibus Investments Code, the Philippine Economic
23 Zone Act of 1995, and the Bases Conversion and Development Act of 1992;

24 (d) To coordinate and assist existing Special Economic Zones created and/or
25 licensed through the Philippine Economic Zone Authority (PEZA) and the Tourism
26 Infrastructure and Enterprise Zone Authority (TIEZA);

27 (e) To have the authority to approve submitted applications of private sectors, by
28 local and foreign investors for the establishment of investments and infrastructures
29 within the Special Economic Zones;

30 (f) To accept any local or foreign investment, business or enterprise. *Provided, it*
31 *does not infringe the provisions of the 1987 Constitution;*

32 (g) To prioritize the creation of jobs;

33 (h) To encourage earnest efforts and conciliation proceedings in case of labor
34 disputes where abuses of the management and/or labor will be discouraged and dealt
35 with expeditiously and fairly;

36 (i) To generate its own revenues and be self-sustaining;

37 (j) To invest its funds and other assets, as it may deem proper, to achieve its
38 purpose;

1 (k) To construct, acquire, own, lease, operate, and maintain on its own or through
2 contract, franchise, license permit, public-private partnership, build-operate-transfer or
3 joint-venture the required utilities and infrastructure facilities, including additional roads,
4 bridges, airports, seaport, railroads, subways, and to fix just and reasonable rates,
5 fares, charges and other prices therefor;

6 (l) To create, develop, manage, promote, and operate Special Economic Zones
7 within Central Luzon and other development programs and projects connected
8 therewith;

9 (m) In coordination with the Department of Agrarian Reform (DAR), to organize
10 farmers into cooperatives and to merge them into one contiguous area to partner with
11 local and foreign investors for the establishment of agro-industrial, agro-processing and
12 agro-tourism zones, and to grant incentives thereto;

13 (n) To raise and borrow the necessary funds from local and international
14 financial institutions and to issue bonds, promissory notes and other securities for that
15 purpose and to secure the same by guarantee, pledge, mortgage, deed of trust or
16 assignment of properties;

17 (o) To establish subsidiaries and serve as holding company of such subsidiaries;

18 (p) To enter into, make, perform and carry out contracts of every class, kind, and
19 description which are necessary or incidental to the realization of this Act with any
20 person, firm or corporation, private or public, or with foreign government entities, upon
21 prior approval by higher government offices, when required and necessary ;

22 (q) To exercise the right of eminent domain;

23 (r) To adopt, implement and enforce ecological and environmental standards and
24 measures for environmental pollution control and management;

25 (s) To provide, establish and accredit security and firefighting forces, and
26 formulate and implement public safety measures to ensure the safety and preservation
27 of peace and order within the area;

28 (t) To establish by itself or in coordination with national and local government
29 agencies "One-stop Shops" for investors that promote focused, fast, friendly, flexible,
30 and forward-looking businesses and investments; and

31 (u) To promulgate Rules and Regulations and perform such other powers and
32 functions as may be necessary, appropriate, or incidental to this Act.

33 Sec. 6. *Supervision.* – The RIIC shall be under the general supervision of the
34 Office of the President of the Philippines; Provided, that the following agencies shall be
35 mandated to coordinate with the RIIC with minimum red tape to allow the latter to
36 undertake and implement its mandate by virtue of this Act, related laws, and its rules
37 and regulations, to wit: (i) the Department of Trade and Industry (DTI), (ii) the
38 Department of Foreign Affairs (DFA), (iii) the Department of Finance (DOF), (iv) the

1 Department of Transportation (DOTr), (v) the Department of Environment and Natural
2 Resources (DENR), (vi) the Department of Tourism (DOT), (vii) the Department of
3 Public Works and Highways (DPWH), (viii) the Department of Labor and Employment
4 (DOLE), (ix) the Department of Energy (DOE), (x) the Department of Information and
5 Communications Technology (DICT), (xi) the Bureau of Immigration (BI), (xii) the
6 Department of Health – Food and Drug Administration (DOH-FDA), (xiii) the Bureau of
7 Internal Revenue (BIR), (xiv) the Bureau of Customs (BOC), (xv) the Securities and
8 Exchange Commission (SEC), (xvi) the Department of Energy (DOE); the (xvii) Energy
9 Regulatory Commission (ERC), the (xviii) the Philippine Economic Zone Authority
10 (PEZA), and (xix) .the Tourism Infrastructure and Enterprise Zone Authority (TIEZA).

11 Sec. 7. *Executive Director.* – An Executive Director shall be appointed by the
12 President of the Philippines, which shall be chosen from among three (3) recommended
13 independent individuals, through a majority vote of the RIIC. Provided that, the
14 recommended individuals chosen by the RIIC shall have at least five (5) years of work
15 experience in finance administration or management.

16 The Executive Director shall have the following powers and functions:

- 17 (a) To assist in the administration and management of the RIIC;
- 18 (b) To assist in the development and improvement of the Central Luzon
19 Investment Corridor Master Plan;
- 20 (c) To promote trade, tourism, and agriculture enterprises within the Special
21 Economic Zones, so as to encourage more investments;
- 22 (d) To ensure that Rules and Regulations established by the RIIC are enforced
23 and implemented;
- 24 (e) To resolve primary dispute settlements and resolutions within the Special
25 Economic Zones, including labor disputes, in order to address local disputes
26 and prevent strikes or lockouts;
- 27 (f) To encourage the Local Government Units (LGU) to provide incentives to
28 private sectors and entities who decide to relocate from Metro Manila to the
29 Special Economic Zones under the RIIC; and
- 30 (g) To guarantee that safety and security measures are properly maintained
31 within the Special Economic Zones.

32 Sec. 8. *Central Luzon Investment Corridor Master Plan-* Immediately upon the
33 creation of the RIIC, coordination shall be made by all its members to arrive at a
34 consensus to develop the Central Luzon Investment Corridor Master Plan (Plan)
35 through the active participation of all stakeholders in planning and implementing the
36 creation and continuous operation of an aggregation of special economic zones within
37 the area that utilizes the Central Luzon Investment Corridor.

1 The Plan shall include the provision of Housing Facilities within the Special
2 Economic Zones to provide a comfortable and livable home and community where the
3 workers and their families may live in houses easily accessible by non-motorized means
4 of transportation.

5 The Plan shall be signed by the RIIC and all participating stakeholders, which
6 shall contain a long-term strategy and their concomitant commitment to implement the
7 same. The Plan shall not be subject to frequent policy changes unless for key changes
8 essential to further improve the productivity within the area.

9 Sec. 9. *Responsibilities of Partners/Stakeholders.*- The Plan shall be formulated
10 and implemented by the key stakeholders from the national government, local
11 government and private enterprise. Both the national and local governments concerned
12 shall have the general responsibility to provide ease of doing business by cutting the
13 streamlining of bureaucratic processes for investors and providing a "One-stop Shop"
14 for the processing of licenses. They shall also have the general responsibility to provide
15 fiscal incentives to encourage investors to maximize the Central Luzon Investment
16 Corridor. In particular:

17 (a) The National Government

18 (i) The Department of Trade and Industry (DTI) shall streamline the
19 registration of businesses and promotion of the Central Luzon
20 Investment Corridor to local and foreign enterprises. It shall formulate
21 measures that will enable small and medium enterprises to avail
22 themselves of the privileges available to large enterprises;

23 (ii) The Department of Foreign Affairs (DFA), in coordination with the
24 Department of Trade and Industry (DTI), shall conduct international
25 trade fairs and such other international promotional events aiming at
26 attracting foreign investors to the Subic Bay Freeport Zone (SBFZ), the
27 Clark Freeport Zone (CFZ), the Freeport Area of Bataan (FAB), the
28 Aurora Pacific Economic Zone and Freeport (APECO) and other
29 Special Economic Zones, thereafter established;

30 (iii) The Department of Finance (DOF), the Bureau of Internal Revenue
31 (BIR) and the Bureau of Customs (BOC) shall provide for fiscal
32 incentives that will induce and motivate the dispersal of industries to
33 the specified economic zones of the Central Luzon Investment
34 Corridor;

35 (iv) The Department of Transportation (DOTr) shall ensure seamless and
36 integrated transportation networks that provide fast, efficient, and
37 reliable transportation for cargo and passengers throughout the stretch
38 of the Central Luzon Investment Corridor;

- (v) The Department of Environment and Natural Resources (DENR) shall provide for the land and shall facilitate its conversion whenever necessary pursuant to the Central Luzon Investment Corridor Master Plan. It shall monitor and ensure compliance to rules and regulations on environmental protection;
- (vi) The Department of Tourism (DOT), in coordination with the Tourism Infrastructure and Enterprise Zone Authority (TIEZA), shall be responsible for developing and promoting the potential of the area for tourism and shall ensure the creation of numerous jobs by facilitating the establishment of a tourism industry within the area. It shall also conduct local and international promotional campaigns necessary to achieve the said goal;
- (vii) The Department of Public Works and Highways (DPWH) shall, in coordination with other Departments, ensure that adequate infrastructures for the growth of the area are built and existing ones properly maintained;
- (viii) The Department of Labor and Employment (DOLE) shall ensure that full protection to labor and the promotion of full employment and equal employment opportunities for all shall be safeguarded;
- (ix) The Department of Energy (DOE) and the Energy Regulatory Commission (ERC) shall ensure that adequate supply of electricity at all times and in a reasonable price is always available for the use of the specified Special Economic Zones and their established industrial cities and communities;
- (x) The Department of Information and Communications Technology (DICT) shall ensure that fast and reliable telecommunications and internet access are easily available within the area at a reasonable rate;
- (xi) The Department of Agrarian Reform (DAR) shall ensure and assist in the formation of farmer's cooperatives and groups that can partner with local and foreign investors for the establishment of productive agro-industrial, agro-processing and agro-tourism zones within the Central Luzon Investment Corridor;
- (xii) The Department of Agriculture (DA) shall also ensure and assist in establishing a market for the high value crops that will be produced in agro-industrial, agro-processing and agro-tourism zones;
- (xiii) The Department of Health - Food and Drug Administration (DOH-FDA) shall set the mandatory food safety standards to protect the consumers

1 by ensuring that the standard on food and medical products are
2 properly regulated by appropriate regulatory authorities and that
3 precautionary measures are adopted;

4 (xiv) The Bureau of Immigration (BI) shall ensure that there is a fast,
5 efficient and speedy processing of visas, alien employment permits
6 and such other permits that will enable foreign investors and legitimate
7 expatriates to work at the Special Economic Zones;

8 (xv) The Securities and Exchange Commission (SEC) shall provide for the
9 expeditious registration and licensing of corporations within the area
10 with streamlined processes and requirements.

11 Furthermore, the said Departments and/or Agencies may provide their
12 own Plan to bring in more investments and to be able to promote it in foreign
13 nations to increase investments within the Special Economic Zones under
14 the RIIC, so long as it is in accordance with the Central Luzon Investment
15 Corridor Master Plan, as described in Section 8 of this Act.

16 (b) The Local Government Units (LGU) shall be responsible for providing the
17 zoning and the comprehensive land use plan for the area. It shall assist in the
18 identification and conversion of lands for the zone and shall provide
19 investment incentives to the locators through local tax incentives and
20 streamlining of processing of business permits. It shall also ensure peace and
21 order within the area and shall coordinate with the National Housing Authority
22 (NHA) for the housing of workers. It shall coordinate with the Philippine
23 Economic Zone Authority (PEZA), the Tourism Infrastructure and Enterprise
24 Zone Authority (TIEZA), and other government agencies to ensure the
25 continuous growth and stability of the Special Economic Zones. Moreover, the
26 LGUs, within the Central Luzon Investment Corridor, shall ensure that all
27 highways, railways, airports, and seaports are in good condition and are
28 properly maintained by the respective LGUs concerned.

29 The LGUs shall be encouraged to construct low-cost condominium
30 buildings within the Special Economic Zones to provide housing facilities to
31 the workers and their families to provide them with a comfortable and livable
32 work-life balance, at the same time decongesting Metro Manila and improving
33 its traffic condition. Moreover, LGUs shall be urged to enable the workers
34 within the Special Economic Zones to be given accessible personal loans with
35 low interest rates, as may be determined by the Monetary Board.

36 (c) The Philippine Economic Zone Authority (PEZA) shall assist with the creation
37 of Special Economic Zones and shall provide such services and incentives to
38 locators and investors necessary to ensure the viability of the Special

Economic Zones within its powers, as provided by R.A. No. 7916 as amended by R.A. No. 8748. It shall further assist in the creation of new Special Economic Zones within the area.

(d) The Tourism Infrastructure and Enterprise Zone Authority (TIEZA) shall assist with the creation of Tourism Enterprise Zones along the Central Luzon Investment Corridor and shall provide such incentives which it can provide in accordance with its powers under R.A. No. 9593.

(e) The Bases Conversion Development Authority (BCDA), the Subic Bay Metropolitan Authority (SBMA), the Clark Development Corporation (CDC), the Authority of the Freeport Area of Bataan (FAB), the Aurora Pacific Economic Zone and Freeport (APECO) and other Special Economic Zones, thereafter established, shall coordinate with RIIC and the rest of the stakeholders in the planning and implementation of the Central Luzon Investment Corridor Master Plan. It shall promote the Central Luzon Investment Corridor to local and international investors/locators, provide standards for doing business within their respective Special Economic Zones, and become pro-active in improving its facilities to attract more foreign investors by providing incentives and streamlined processing of documents to its locators and foreign investors.

(f) Private Enterprises shall be responsible for providing investments and infrastructures within the Central Luzon Investment Corridor which shall observe international best practices in their industrial operations while at the same complying with all national and local Rules and Regulations including those intended for environmental preservation and protection, and protection to labor legislations. Moreover, private enterprises may also propose their own Plan, so long as it is in accordance with the Central Luzon Investment Corridor Master Plan, as described in Section 8 of this Act.

Sec. 10. Establishment of RIIC-Registered Agro-Industrial and Agro-Processing Ecozone Export Enterprises and Agro-Industrial, Agro-Processing and Agro-Tourism Ecozone Enterprises. – The RIIC, upon registration, may allow the establishment of Agro-Industrial and Agro-Processing Ecozone Export Enterprises and Agro-Industrial, Agro-Processing and Agro-Tourism Ecozone Enterprises within the Special Economic Zones that are located in areas identified by the Department of Agriculture (DA), the Department of Agrarian Reform (DAR) and/or the Bureau of Fisheries and Aquatic Resources (BFAR), which are suitable for the processing of agricultural and aquatic products, consistent with the Agriculture and Fisheries Modernization Act. The Agro-Industrial and Agro-Processing Ecozone Export Enterprises and Agro-Industrial, Agro-

Processing and Agro-Tourism Ecozone Enterprises shall be engaged in the following types of activities:

- (a) Import-substituting commercial production and processing of agricultural crops for bio-fuel (such as but not limited to coconut, jathropa, sugarcane, cassava, corn, and sweet sorghum);
- (b) Processing/Manufacturing, including packing and canning, for export of agricultural and marine products (livestock and poultry, fruits and vegetables, aqua-culture products);
- (c) Integrated livestock, poultry and related projects involving primary production up to processing and export of final product;
- (d) Production of agricultural inputs such as feeds, veterinary drugs, and vaccines, fertilizers, and agri-chemicals for export;
- (e) Planting and operation of vineyards and wineries;
- (f) Projects involving the processing of agricultural waste materials into a commercially valuable product for export;
- (g) Bio-technology products using agricultural products as inputs or to be used inputs for agricultural production; and
- (h) Agro-tourism zones such as fruit orchards, plantations, vineyards and wineries, man-made lakes for fishing, without or without the establishment of hotels, resorts, entertainment, sports and recreational facilities and similar leisure facilities.

The RIIC-Registered Agro-Industrial and Agro-Processing Ecozone Export Enterprises and Agro-Industrial, Agro-Processing and Agro-Tourism Ecozone Enterprises shall be entitled to the following incentives:

- (a) Four (4) years Income Tax Holiday (ITH);
- (b) Special five percent (5%) tax on gross income in lieu of all national and local taxes after the ITH period;
- (c) Tax and duty free importation of production equipment and machineries, breeding stocks, farm implements, including spare parts and supplies of the equipment and machineries;
- (d) Exemption from export taxes, wharfage dues, impost and fees;
- (e) Exemption of payment of local government fees such as Mayor's Permit, Business Permit, Permit on the Exercise of Profession/Occupation/Calling, Health Certificate Fee, Sanitary Inspection Fee, and Garbage Fee;
- (f) Zero Value Added Tax (VAT) rate on local purchases to include telecommunication, power, and water bills;
- (g) Special Investor's Visa;
- (h) Employment of foreign nationals; and

1 (i) Simplified import and export procedures.

2 Sec. 11. *Income Tax Holiday*. – An Income Tax Holiday (ITH) may be
3 administered by the RIIC to the Registered Entities operating within the Special
4 Economic Zones in the Central Luzon Investment Corridor. An ITH of one hundred
5 percent (100%) from corporate income tax for the first five (5) years from its operations,
6 may be granted to any registered entity operating within the Special Economic Zone if
7 the said registered entity constructs housing and recreational facilities within their
8 respective Special Economic Zones so as to provide its workers with a comfortable and
9 livable life which is within their place of occupation. Moreover, an ITH for the first ten
10 (10) years from its operations, may be granted to a registered entity if it constructs a
11 housing and recreational facility within their Special Economic Zones and construct
12 either a school, hospital or clinic, and places of worship for employees and/or the
13 immediate community, and the like.

14 Upon expiry of the ITH, a five percent (5%) final tax on gross income earned in
15 lieu of all national and local taxes shall be applied and distributed as follows:

16 (a) Three percent (3%) to the RIIC;

17 (b) One percent (1%) shall be directly remitted by the business establishments to
18 the treasurer's office of the municipality or city where the enterprise is located; and

19 (c) One percent (1%) shall be directly remitted by the business establishments to
20 the National Government through the Bureau of Internal Revenue (BIR).

21 The BIR shall require a registered enterprise availing of the ITH to secure a
22 Certificate of Eligibility from the RIIC before submitting its income tax return (ITR) with
23 the BIR for validation.

24 Failure to secure the Certification and/or to file the ITH availment for validation
25 within thirty (30) days from the last day of each statutory filing date for the ITR shall
26 cause the forfeiture of the ITH availment for the taxable period.

27 For this purpose, a "*Registered Entity*" shall be defined as any person, natural or
28 juridical, licensed to do business in the Philippines and registered with the Regional
29 Investment and Infrastructure Corporation (RIIC) to transact business within the Subic
30 Bay Freeport Zone (SBFZ), the Clark Freeport Zone (CFZ), the Freeport Area of Bataan
31 (FAB), the Aurora Pacific Economic Zone and Freeport (APECO) and other Special
32 Economic Zones which may thereafter be established within the Central Luzon.

33 Furthermore, "*Gross Income Earned*" refers to gross sales or gross revenues derived
34 from the registered activity, net of sales discounts, sales returns and allowances and
35 minus cost of sales or direct costs but before any deduction is made for administrative
36 expenses or incidental losses during a given taxable period.

37 Existing entities or enterprises located in Metro Manila but relocate to the Special
38 Economic Zones within the Central Luzon Investment Corridor may avail of the tax and

1 fiscal incentives available herein upon the following conditions: (i) at least fifty percent
2 (50%) of products manufactured are exported to other countries, and (ii) they relocate
3 their employees to the new location and construct decent housing facilities with clean
4 water and sewerage systems for them; Provided, that, these businesses and industries
5 that relocate to the Central Luzon Investment Corridor pursuant to this Section may
6 likewise deduct from their gross revenues for tax purposes, the equivalent of one
7 hundred percent (100%) of their relocation costs which may include, but not be limited
8 to, construction of industrial and/or administrative buildings, purchase of equipment and
9 machinery, construction of private and public infrastructure, housing and recreational
10 facilities, schools, hospitals and clinics and places of worship for employees and/or the
11 immediate community, and the like. *Provided that*, the RIIC may automatically revoke
12 the license of any Registered Entity who violates any of the RIIC Rules and
13 Regulations, submits false documents, and declares any false material information in
14 connection with its application, as determined by the RIIC and upon substantial proof of
15 such violation.

16 Sec. 12. *One-Stop Shop Center*. - The RIIC shall establish a "One-stop Shop"
17 center for the purpose of facilitating the registration of new enterprises in the Special
18 Economic Zones. Thus, all appropriate government agencies that are involved in
19 registering, licensing, or issuing permits to investors shall assign their representatives to
20 the Zones to attend to Investor's requirements.

21 For this purpose, a "*One-Stop Shop*" Center refers to a center established by the
22 RIIC where a single common site or location is designated for all concerned agencies in
23 the registration, licensure, and issuance of permits to investors who wish to be
24 registered within the Special Economic Zones.

25 Sec. 13. *Eminent Domain*. - The areas comprising the Special Economic Zones
26 may be expanded or reduced when necessary. For this purpose, the RIIC shall have the
27 power to acquire, either by purchase, negotiation or condemnation proceedings, any
28 private lands within or adjacent to the Zones for:

- 29 (a) Consolidation of lands for zone development purposes;
30 (b) Acquisition of right of way to the Zones; and
31 (c) The protection of watershed areas and natural assets valuable to the
32 prosperity of the Zones.

33 If in the establishment of a publicly-owned Special Economic Zone, any person
34 or group of persons who has been occupying a parcel of land within the Zone has to be
35 evicted, the RIIC shall provide the person or group of persons concerned with proper
36 disturbance compensation: *Provided that*, in the case of displaced agrarian reform
37 beneficiaries, they shall be entitled to the benefits under the Comprehensive Agrarian
38 Reform Law, including but not limited to Section 36 of Republic Act No. 3844, in addition

1 to a home lot in the relocation site and preferential employment in the project being
2 undertaken.

3 Sec. 14. *Land Conversion.* – Agricultural lands may be converted for residential,
4 commercial, industrial and other non-agricultural purposes, subjects to the conditions
5 set forth under R.A. No. 6657 and other existing laws.

6 Sec. 15. *Presidential Land Grant.* – The provisions of any existing law to the
7 contrary notwithstanding, the President may, upon the recommendation of the
8 Department of Environment and Natural Resources (DENR) Secretary, grant by
9 donation, sale, lease or otherwise, to the RIIC portions of the land of the public domain
10 as may be necessary for the utilization and expansion of the Bases Conversion
11 Development Authority (BCDA), the Subic Bay Metropolitan Authority (SBMA), the Clark
12 Development Corporation (CDC), the Aurora Pacific Economic Zone and Freeport
13 Authority (APECO) and the Authority of the Freeport Area of Bataan (FAB) and for the
14 establishment and development of other Special Economic Zones in Central Luzon for
15 the increased efficiency of its performance and the accomplishment of its purpose which
16 is to become the “Engine of Growth for Central Luzon and the Philippines.”

17 Sec. 16. *Control and Coordination* – The Bases Conversion Development
18 Authority (BCDA), the Subic Bay Metropolitan Authority (SBMA), the Clark Development
19 Corporation (CDC), the Aurora Pacific Economic Zone and Freeport Authority (APECO),
20 the Authority of the Freeport Area of Bataan (FAB), and other Special Economic Zones
21 in Central Luzon, which may thereafter be established, shall be under the direct control
22 and coordination of the RIIC, for purposes of policy direction and coordination.

23 Sec. 17. *Electric Power Supply.* – Electric companies providing electric power
24 supply to RIIC-registered entities and its established communities shall be given lower
25 electricity charge rates, as compared to areas outside the jurisdiction of the Special
26 Economic Zones. Furthermore, the Electric Companies operating within the Special
27 Economic Zones shall be under the direct supervision of the RIIC.

28 Sec. 18. *Prisoner Reform.* – Convicted prisoners who are willing and able to
29 work, may be given the opportunity to provide work and industry in secluded areas of
30 the Special Economic Zones, such as mountains, and shall be entitled to receive a
31 minimum wage earning, as determined by the Regional Tripartite Wages and
32 Productivity Board (RTWPB). Provided that, this shall only be applicable to convicted
33 prisoners who have six (6) years or less of length of imprisonment left in their sentence.

34 Sec. 19. *Budget.* – The amount of Five Hundred Million Pesos (Php
35 500,000,000.00), for the first three (3) years of its operations, is hereby appropriated for
36 the organization, operation, and management of the RIIC which shall be included in the
37 annual General Appropriations Act (GAA). Thereafter, the RIIC may, on its own,

1 maintain its operation and management through its acquired earnings from the first
2 three (3) years of its operations.

3 Sec. 20. *Exemption from the Salary Standardization Law.* – The salaries and
4 benefits of employees of the RIIC, as well as those of the Bases Conversion and
5 Development Authority (BCDA), the Subic Bay Metropolitan Authority (SBMA), the Clark
6 Development Corporation (CDC), the Aurora Pacific Economic Zone and Freeport
7 Authority (APECO), and the Authority of the Freeport Area of Bataan (FAB) shall be
8 fixed by the RIIC and shall be exempt from R.A. No. 6758, as amended, or the Salary
9 Standardization Law, provided that the difference between the salaries prescribed in the
10 Salary Standardization Law and the salaries of employees in the BCDA, the SBMA, the
11 CDC, the APECO and the Authority of FAB as fixed by the RIIC shall be taken from the
12 earnings of RIIC and not from the National Treasury.

13 Sec. 21. *Legal Counsel.* – Without prejudice to the hiring of an outside counsel,
14 the Government Corporate Counsel shall be the *ex officio* legal counsel of RIIC,
15 including the BCDA, the SBMA, the CDC, the APECO, and the Authority of the FAB. In
16 the event that highly specialized legal services cannot be provided for by the Office of
17 the Government Corporate Counsel as may be required, the services of an outside
18 counsel, whose compensation shall be approved by the Board of Directors, may be
19 engaged and no further consent or approval of the Office of the Government Corporate
20 Counsel shall be required.

21 Sec. 22. *Injunctions or Restraining Orders.* – The implementation of the
22 provisions of this Act is of national interest. Thus, no project, bidding, and undertaking in
23 implementation of the provisions of this Act shall be restrained or enjoined by an
24 injunction or restraining order except by the Supreme Court of the Philippines.

25 Sec. 23. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
26 other issuances or parts thereof inconsistent with the provisions of this Act, particularly
27 Republic Acts Nos. 7227, 7916, 9593, 9490, and 9728, as amended are hereby
28 repealed or modified accordingly.

29 Sec. 24. *Separability Clause.* – If any portion or provision of this Act is declared
30 unconstitutional, the remainder of this Act or any provision not affected thereby shall
31 remain in force and effect.

32 Sec. 25. *Effectivity.* – This Act shall take effect after fifteen (15) days following
33 the completion of its publication either in the Official Gazette or in a newspaper of
34 general circulation in the Philippines.

35 Approved,