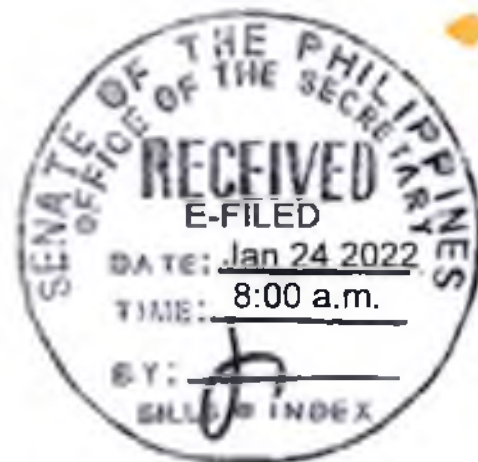


EIGHTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
Third Regular Session)



SENATE

COMMITTEE REPORT No. 443

Submitted jointly by the Committees on Economic Affairs; Local Government;
Ways and Means; and Finance on Jan 24 2022

Re: Senate Bill No. 74

Recommending its approval with amendments, taking into consideration House
Bill No. 10215

Sponsor: Senator Imee Marcos

MR. PRESIDENT:

The Committees on Economic Affairs; Local Government; Ways and Means; and
Finance, to which were referred **Senate Bill No. 74**, introduced by Senator
Ramon Bong Revilla, entitled:

**"AN ACT
DIRECTING THE CONVERSION OF SANGLEY
POINT IN CAVITE CITY INTO AN
INTERNATIONAL LOGISTICS HUB"**

taking into consideration **House Bill No. 10215**, introduced by Representatives Abaya, A. Francis, et al, entitled:

**"AN ACT
ESTABLISHING A SPECIAL DEFENSE ECONOMIC
ZONE IN THE CITY OF CAVITE, PROVINCE OF
CAVITE, CREATING FOR THE PURPOSE THE
SANGLEY POINT SPECIAL ECONOMIC ZONE
AUTHORITY, AND APPROPRIATING FUNDS
THEREFOR"**

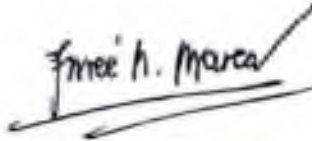
have considered the same and have the honor to report it back to the Senate with the recommendation that Senate Bill No. 74 be approved with the following amendments, taking into consideration House Bill No. 10215:

1. On page 3, lines 4 to 11, delete subsection (c) and replace with the following:

"(c) ALL BUSINESS ENTERPRISES REGISTERED WITHIN THE HUB MAY BE ENTITLED TO PERTINENT FISCAL INCENTIVES GRANTED UNDER TITLE XIII (TAX INCENTIVES) OF THE NATIONAL INTERNAL REVENUE CODE, AS AMENDED;"

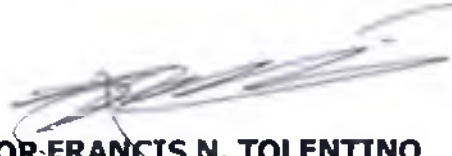
Respectfully submitted:

Chairpersons



SENATOR IMEE MARCOS

Committee on Economic Affairs
Vice-Chairperson, Local Government
Vice-Chairperson, Committee on Finance
Member, Committee on Ways and Means



SENATOR FRANCIS N. TOLENTINO

Committee on Local Government
Member, Committee on Economic Affairs
Member, Committee on Finance



SENATOR PIA SCAYETANO

Committee on Ways and Means
Vice-Chairperson, Committee on Finance
Member, Committee on Economic Affairs



SENATOR SONNY ANGARA

Committee on Finance
Vice-Chairperson, Committee on Economic Affairs
Vice-Chairperson, Committee on Ways and Means

Vice-Chairpersons



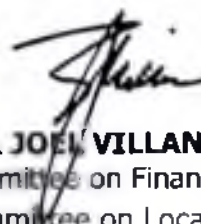
SENATOR WIN GATCHALIAN
Committee on Economic Affairs
Committee on Finance
Member, Committee on Local
Government
Member, Committee on Ways and Means



SENATOR CHRISTOPHER "BONG" GO
Committee on Finance
Member, Committee on Ways and Means
Member, Committee on Local
Government



SENATOR CYNTHIA A. VILLAR
Committee on Finance
Member, Committee on Local
Government



SENATOR JOEL VILLANUEVA
Committee on Finance
Member, Committee on Local Government

SENATOR RICHARD J. GORDON
Committee on Finance
Member, Committee on Ways and
Means

**SENATOR RONALD "BATO" DELA
ROSA**
Committee on Finance
Member, Committee on Local Government



SEN. GRACE POE
Committee on Finance
Member, Committee on Ways and Means



SENATOR RISA HONTIVEROS
Committee on Finance
Member, Committee on Economic
Affairs
Member, Committee on Local
Government
Member, Committee on Ways and Means

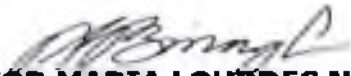
MEMBERS



SENATOR MANUEL LITO M. LAPID
Committee on Economic Affairs
Committee on Finance
Committee on Ways and Means

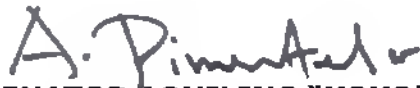


SENATOR RAMON BONG REVILLA JR.
Committee on Economic Affairs
Committee on Finance
Committee on Ways and Means
Committee on Local Government



SENATOR MARIA LOURDES NANCY S. BINAY
Committee on Finance
Committee on Local Government

SENATOR EMMANUEL "MANNY" D. PACQUIAO
Committee on Finance
Committee on Ways and Means



SENATOR AQUILINO "KOKO" PIMENTEL III
Committee on Finance
Committee on Local Government



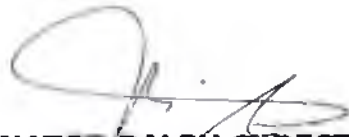
SENATOR FRANCIS "KIKO" PANGILINAN
Committee on Economic Affairs Committee
on Finance
Committee on Ways and Means
Committee on Local Government



SENATOR PANFILO M. LACSON
Member, Committee on Finance
Member, Committee on Local
Government
Member, Committee on Ways and Means

SENATOR LEILA M. DE LIMA
Committee on Finance
Committee on Ways and Means


Ex Officio Members



SENATOR RALPH G. RECTO
President Pro Tempore



SENATOR JUAN MIGUEL F. ZUBIRI
Majority Leader



SENATOR FRANKLIN M. DRILON
Minority Leader

SENATOR VICENTE SOTTO III
Senate President

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

SENATE



Senate
Office of the Secretary

S. No. 74

'19 JUL -1 P2:15

Introduced by **SENATOR RAMON BONG REVILLA, JR.**

AN ACT
DIRECTING THE CONVERSION OF SANGLEY POINT IN CAVITE CITY INTO
AN INTERNATIONAL LOGISTICS HUB

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

1 Section 1. *Short Title.* – This Act shall be known as the “Sangley Point
2 Conversion Act.”

3
4 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the
5 Government to accelerate the sound and balanced conversion into alternative
6 productive uses of the Sangley Point in Cavite City.

7
8 It is likewise the declared policy of the Government to enhance the benefits
9 to be derived from said conversion in order to promote the economic and social
10 development of Cavite City in particular and the country in general.

11
12 Sec. 3. *The Sangley Point International Logistics Hub.* - In accordance with
13 the foregoing declared policy, there is hereby established an international logistics

1 hub, comprising a Container Port and Airport Complex and an Economic Processing
2 Zone with Cyber or Technoparks, to be known as the Sangley Point International
3 Logistics Hub, hereinafter known as the Hub, located at the northern portion of the
4 Cavite City peninsula and is surrounded by Manila Bay, approximately eight miles
5 away from Manila.

6
7 *Sec. 4. Governing Principles.* — The Sangley Point International Logistics Hub
8 shall be managed and operated under the following principles:

9
10 (a) Under the framework and limitations of the Constitution and
11 the applicable provisions of the financial, investment, and
12 tourism/recreational center and free port with Local
13 Government Code, the Hub shall be developed into and
14 operated as a self-sustaining, commercial, industrial and logistic
15 hub and suitable for retirement/residential purposes, in order to
16 create employment opportunities in and around the Hub, and to
17 effectively encourage and attract legitimate and productive
18 foreign and local investments therein;

19
20 (b) The Hub shall be operated and managed as a separate
21 customs territory ensuring free flow or movement of goods and
22 capital within, into and exported out of the Hub, as well as
23 provide incentives such as tax and duty-free importations of
24 raw materials, capital and equipment. However, exportation or
25 removal of goods from the territory of the Hub to the other
26 parts of the Philippine territory shall be subject to customs
27 duties and taxes under the Tariff and Customs Code of the
28 Philippines, as amended, the National Internal Revenue Code of

1 1997, as amended, and other relevant tax laws of the
2 Philippines;

3
4 (c) The provision of existing laws, rules and regulations to the
5 contrary notwithstanding, no national and local taxes shall be
6 imposed within the Hub. In lieu of said taxes, a five percent
7 (5%) tax on gross income earned shall be paid by all business
8 enterprises within the Hub and shall be remitted as follows: two
9 percent (2%) to the National Government, and two percent
10 (2%) to the Sangley Point Authority referred in Section 5 of this
11 Act, and one percent (1%) to the Cavite City Government;

12
13 (d) Existing banking laws and Bangko Sentral ng Pilipinas (BSP)
14 rules and regulations shall apply on foreign exchange and other
15 current account transactions (trade and non-trade), local and
16 foreign borrowings, foreign investments, establishment and
17 operation of local and foreign banks, foreign currency deposit
18 units, offshore banking units and other financial institutions
19 under the supervision of the BSP;

20
21 (e) Any foreign investor who establishes a business enterprise
22 within the Hub and who maintains capital investment of not less
23 than One hundred fifty thousand United States dollars
24 (US\$150,000) shall be granted, along with his or her spouse,
25 dependents, and unmarried children below twenty-one (21)
26 years of age, a permanent resident status within the Hub. The
27 responsibility and authority to grant such permanent resident
28 status is hereby delegated to the Sangley Point Authority.

1
2 Such foreign investor and his or her spouse, dependents, and
3 unmarried children below the age of twenty-one (21) years,
4 shall have the freedom of ingress and egress to and from the
5 Hub without need of any special authorization from the Bureau
6 of Immigration.

7
8 Likewise, the Sangley Point Authority, referred herein Section 5,
9 shall issue working visas renewable every two (2) years to
10 foreign executives and foreign technicians with highly
11 specialized skills which no Filipino possesses, as certified by the
12 Department of Labor and Employment.

13
14 The names of foreigners granted permanent resident status and
15 working visas by the Sangley Point Authority shall be reported
16 to the Bureau of Immigration within thirty (30) days from such
17 grant.

18
19 The foregoing is without prejudice to a foreigner acquiring
20 permanent resident status in the Philippines in accordance with
21 applicable immigration, retirement, and other related laws; and

22
23 (f) Except as otherwise provided herein, the local government
24 units totally or partially embraced within the Hub shall retain
25 and maintain their basic autonomy and identity. Cavite City
26 shall operate and function in accordance with Republic Act No.
27 7160, otherwise known as the Local Government Act of 1991,

1 insofar as the areas within its jurisdiction covered in this Act are
2 concerned.

3
4 *Sec. 5. Creation of the Sangley Point Authority.* — A body corporate to be
5 known as the Sangley Point Authority, hereinafter referred to as the SPA, is hereby
6 created to manage and operate, in accordance with the provisions of this Act, the
7 Sangley Point International Logistics Hub. This corporate franchise shall expire in
8 fifty (50) years counted from the first day of the fifth (5th) calendar year after the
9 effectivity of this Act, unless otherwise extended by Congress.

10
11 *Sec. 6. Powers and Functions of the Sangley Point Authority.* — The Sangley
12 Point Authority shall have the following powers and functions:

13
14 (a) To adopt, change, use a corporate seal; to contract, lease,
15 buy, sell, acquire, own and dispose, movable and immovable as
16 well as personal and real property of whatever nature (including
17 but not limited to shares of stock or participation in private
18 corporations or in limited partnerships, or in joint ventures with
19 limited liability), bonds, precious metals in bullions, ingots, and
20 easily convertible foreign exchange; to sue and be sued in order
21 to carry out its duties, responsibilities, privileges, powers and
22 functions as granted and provided for in this Act; and to
23 exercise the power of eminent domain for public use and public
24 purpose;

25
26 (b) Within the limitation provided by law, to raise or borrow
27 adequate and necessary funds from local or foreign sources to
28 finance its projects and programs under this Act, and for that

1 purpose to issue bonds, promissory notes, and other form of
2 securities, and to secure the same by a guarantee, pledge,
3 mortgage, deed of trust, or an assignment of all or part of its
4 property or assets;

5
6 (c) To approve, accept, accredit and allow any local or foreign
7 business, enterprise or investment in the Hub subject only to
8 such rules and regulations as SPA may promulgate from time to
9 time in conformity with the provisions of this Act and the
10 limitations provided in the Constitution;

11
12 (d) To authorize or undertake, on its own or through others, and
13 regulate the establishment, operation and maintenance of public
14 utilities, services, and infrastructure in the Hub such as shipping,
15 barging, stevedoring, cargo handling, hauling, warehousing,
16 storage of cargo, port services or concessions, piers, wharves,
17 bulkheads, bulk terminals, mooring areas, storage areas, roads,
18 bridges, terminals, conveyors, water supply and storage,
19 sewerage, drainage, airport and ports operations in coordination
20 with the Civil Aeronautics Board and Philippine Ports Authority,
21 and such other services or concessions or infrastructure
22 necessary or incidental to the accomplishment of the objectives
23 of this Act: *Provided, however,* That the private investors in the
24 Hub shall be given priority in the awarding of contracts,
25 franchises, licenses, or permits for the establishment, operation
26 and maintenance of utilities, services and infrastructure in the
27 Hub;

28

1 (e) To construct, acquire, own, lease, operate and maintain on
2 its own or through others by virtue of contracts, franchises,
3 licenses, or permits under the build-operate-transfer scheme or
4 under a joint venture with the private sector any or all of the
5 public utilities and infrastructure required or needed in the Hub,
6 In coordination with appropriate national and local government
7 authorities and in conformity with applicable laws thereon;

8
9 (f) To operate on its own, either directly or through a subsidiary
10 entity, or license to others, tourism-related activities, including
11 games, amusements, recreational and sports facilities such as
12 horse racing, dog racing, gambling casinos, golf courses, and
13 others, under priorities and standards set by the SPA;

14
15 (g) To form, establish, organize and maintain subsidiary
16 corporations, as its business and operations may require,
17 whether under the laws of the Philippines or not;

18
19 (h) To adopt, implement and enforce reasonable measures and
20 standards to control pollution within the Hub;

21
22 (i) To provide security for the Hub in coordination with the
23 national and local governments. For this purpose, SPA may
24 establish and maintain its own security force and firefighting
25 capability or hire others to provide the same;

26
27 (j) To plan, program and undertake the adjustment, relocation,
28 or resettlement of population within the Sangley Point military

1 reservations and their extensions as may be deemed necessary
2 and beneficial by the SPA, in coordination with the appropriate
3 agencies and local government units.

4
5 (k) To issue rules and regulations consistent with the provisions
6 of this Act as may be necessary to implement and accomplish
7 the purposes, objectives and policies herein provided; and

8
9 (l) To exercise such powers as may be essential, necessary or
10 incidental to the powers granted to it hereunder as well as those
11 that shall enable it to carry out, implement, and accomplish the
12 purposes, objectives and policies of this Act.

13
14 *Sec. 7. Board of Directors of SPA.* — The powers of the Sangley Point Authority
15 shall be vested in and exercised by a Board of Directors, hereinafter referred to as
16 the Board, which shall be composed of nine (9) members, to wit:

17
18 Chairman: *Chairman* of the Philippine Reclamation
19 Authority
20 Co-Chairman: *Governor* of the Province of Cavite or his
21 authorized representative
22 Members: *Secretary*, Department of Transportation or
23 his authorized representative
24 *Secretary*, Department of National Defense or
25 his authorized representative
26 *Director General*, National Economic and
27 Development Authority or his authorized
28 representative

1 *Secretary, Department of Trade and Industry*
2 or his authorized representative

3 *Secretary, Department of Environment and*
4 *Natural Resources or his authorized*
5 *representative*

6 *Secretary, Department of Public Works and*
7 *Highways or his authorized representative*

8 *Director General, Philippine Economic Zone*
9 *Authority or his Authorized representative*

10
11 Members of the Board shall receive a reasonable per diem which
12 shall not be less than the amount equivalent to the
13 representation and transportation allowances of the members of
14 the Board and/or as may be determined by the Department of
15 Budget and Management: *Provided, however,* That the total per
16 diem collected each month shall not exceed the equivalent per
17 diem for four (4) meetings. Unless and until the President of the
18 Philippines has fixed a higher per diem for the members of the
19 Board, such per diem shall not be more than Ten thousand
20 pesos (P10,000.00) for every Board meeting.

21
22 *Sec. 8. Administrative and Chief Executive Officer.* — The President of the
23 Philippines shall appoint a full-time professional and competent administrator and
24 chief executive officer for the SPA whose compensation shall be determined by its
25 Board and shall be in accordance with the revised compensation and position
26 classification system. The administrator as chief executive officer of SPA shall be
27 responsible to the Board and the President of the Philippines for the efficient
28 management and operation of the Hub.

1 *Sec. 9. Capitalization.* — The SPA shall have an authorized capital stock of
2 two billion pesos (P2,000,000,000) divided into 200,000,000 with a minimum issue
3 value of Ten pesos (P10.00) per share. The national government shall initially
4 subscribe and fully pay three hundred million (300,000,000) shares of such capital
5 stock. The initial amount necessary to subscribe and pay for the shares of stock shall
6 be included in the General Appropriations Act of the year following its enactment
7 into law and thereafter. The Board of Directors of SPA may, from time to time and
8 with the written concurrence of the Secretary of Finance, increase the issue value of
9 the shares representing the capital stock of the SPA. The Board of Directors of SPA,
10 with the written concurrence of the Secretary of Finance, may sell shares
11 representing not more than forty per centum (40%) of the capital stock of the SPA
12 to the general public with such annual dividend policy as the Board and the
13 Secretary of Finance may determine. The national government shall in no case own
14 less than sixty per centum (60%) of the total issued and outstanding capital stock of
15 the SPA.

16
17 *Sec. 10. Supervision.* — The Hub shall be under the direct control and
18 supervision of the Office of the President of the Philippines for purposes of policy
19 direction and coordination.

20
21 *Sec. 11. Relationship with the Local Government Units.* — In case of any
22 conflict between the Hub and the local government unit totally or partially embraced
23 within the Hub, on matters affecting the Hub, other than in defense and security
24 matters, the decision of SPA shall prevail.

25
26 *Sec. 12. Legal Counsel.* — The SPA and the corporations in which SPA owns a
27 majority of the issued capital stock shall have its own internal legal counsel under
28 the supervision of the government corporate counsel. When the exigencies of its

1 businesses and operations demand it, the SPA may engage the services of an
2 outside counsel either on a case to case basis or on a fixed retainer.

3
4 *Sec. 13. Auditor.* — The Commission on Audit shall appoint a representative
5 who shall be a full-time auditor of the SPA and its subsidiaries, and assign such
6 number of personnel as may be necessary to assist said representative in the
7 performance of his or her duties. The salaries and emoluments of the assigned
8 auditor and personnel of the Commission on Audit shall be in accordance with the
9 revised compensation and position classification system. The Commission on Audit
10 shall render an annual report to the President of the Philippines and to Congress on
11 the business activities, transactions and operations of the SPA.

12
13 *Sec. 14. Mechanisms for Those Affected by the Conversion.* — There shall be
14 designated a relocation for affected military camps and other facilities, either within
15 the Sangley Point Area or outside, consistent to existing laws, and regulations.
16 Provided further that an appropriation to support the relocation cost of the combined
17 facilities of the Philippine Navy and the Philippine Air Force which shall come from
18 the proceeds of the lease, joint venture and transactions entered into by the
19 Authority.

20
21 *Sec. 15. Separability Clause.* — If any provision of this Act shall be held
22 unconstitutional or invalid, the other provisions not otherwise affected shall remain
23 in full force and effect.

24
25 *Sec. 16. Repealing Clause.* — All laws, executive orders or issuances, or any
26 parts thereof which are inconsistent herewith are hereby repealed or amended
27 accordingly.

1 *Sec. 17. Effectivity Clause.* — This Act shall take effect fifteen (15) days upon
2 its publication in at least two (2) newspapers of general circulation.

3

4 Approved,