


FOURTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session

}

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SENATE

RECEIVED BY: 

COMMITTEE REPORT NO. 45

Submitted jointly by the Committees on Tourism; Civil Service and Government Reorganization; Ways and Means; Finance; Games, Amusement and Sports; and Public Works on APR 28 2008.

Re: Senate Bill No. 2213

Recommending its approval in substitution of Senate Bill Nos. 88, 267, 367, 339, 479, 481, 491 and 1381.

Sponsors: Senators Gordon, Trillanes IV, Escudero, Enrile, Lapid, Revilla Jr., Pangilinan. Ejercito, Estrada and Legarda..

MR. PRESIDENT:

The Committees on Tourism; Civil Service and Government Reorganization; Ways and Means; Finance; Games, Amusement and Sports and Public Works to which were referred Senate Bill No. 88, introduced by Senator Gordon, entitled:

**"AN ACT
DECLARING A NATIONAL POLICY FOR TOURISM AS AN ENGINE OF INVESTMENT,
EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT, REORGANIZING THE
DEPARTMENT OF TOURISM AND ITS ATTACHED AGENCIES TO EFFECTIVELY
AND EFFICIENTLY IMPLEMENT THAT POLICY, PROVIDING NECESSARY
INCENTIVES FOR INVESTMENT AND APPROPRIATING FUNDS THEREFOR"**

Senate Bill No. 267, introduced by Senator Pangilinan, entitled:

**"AN ACT
STRENGTHENING AND EXPANDING THE JURISDICTION OF THE PHILIPPINE
COMMISSION ON THE PROMOTION AND DEVELOPMENT OF SCUBA SPORTS,
AMENDING FOR THIS PURPOSE LETTER OF INSTRUCTION NO. 745, AND FOR
OTHER PURPOSES"**

Senate Bill No. 339, introduced by Senator Ejercito Estrada, entitled:

**"AN ACT
APPROPRIATING A PORTION OF THE FEES COLLECTED FROM DEPARTING
INTERNATIONAL PASSENGERS AT ALL PHILIPPINE INTERNATIONAL AIRPORTS
TO ACCRUE TO THE DEPARTMENT OF TOURISM AND FOR OTHER PURPOSES"**

Senate Bill No. 367, introduced by Senator Ejercito Estrada, entitled:

**“AN ACT
LIBERALIZING THE LICENSING OF TRAVEL AND TOUR AGENCIES”**

Senate Bill No. 479, introduced by Senator Ejercito Estrada, entitled:

**“AN ACT
PLACING ALL GOVERNMENT COTTAGES AND REST HOUSES IN BAGUIO CITY
AND BENGUET PROVINCE UNDER THE MANAGEMENT AND ADMINISTRATION OF
THE DEPARTMENT OF TOURISM, ALLOWING THE SALE OR LEASE OF THE SAME
OR THEIR CONVERSION INTO TOURIST PLACES, SUBJECT TO CERTAIN
RESTRICTIONS”**

Senate Bill No. 481, introduced by Senator Ejercito Estrada, entitled:

**“AN ACT
PROVIDING FOR THE CREATION OF A TOURISM DEVELOPMENT FUND AND THE
ESTABLISHMENT OF A NATIONAL TOURISM DEVELOPMENT COUNCIL, AND FOR
OTHER PURPOSES”**

Senate Bill No. 491, introduced by Senator Ejercito Estrada, entitled:

**“AN ACT
ESTABLISHING A NATIONAL TOURISM POLICY, CREATING THE TOURISM
DEVELOPMENT ADVISORY COUNCIL, AND APPROPRIATING FUNDS THEREFOR”**

Senate Bill No. 1381, introduced by Senator Legarda, entitled:

**“AN ACT
DECLARING A NATIONAL POLICY FOR TOURISM AS THE PRIMARY ENGINE OF
INVESTMENT, EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT,
REORGANIZING THE DEPARTMENT OF TOURISM AND ITS ATTACHED AGENCIES
TO EFFECTIVELY AND EFFICIENTLY IMPLEMENT THAT POLICY, PROVIDING
NECESSARY INCENTIVES FOR INVESTMENT AND APPROPRIATING FUNDS
THEREFOR”**

have considered the same and have the honor to report them back to the Senate with the recommendation

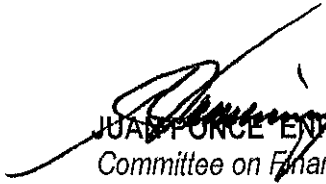
that the attached bill, Senate Bill No. 2213, prepared by the Committees, entitled:


**“AN ACT
DECLARING A NATIONAL POLICY FOR TOURISM AS AN ENGINE OF INVESTMENT,
EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT, REORGANIZING THE
DEPARTMENT OF TOURISM AND ITS ATTACHED AGENCIES TO EFFECTIVELY
AND EFFICIENTLY IMPLEMENT THAT POLICY, PROVIDING NECESSARY
INCENTIVES FOR INVESTMENT AND APPROPRIATING FUNDS THEREFOR”**

be approved in substitution of Senate Bill Nos. 88, 267, 339, 367, 479, 481, 491 and 1381 with Senators Gordon, Pangilinan, Ejercito Estrada, Legarda, Trillanes IV, Escudero, Enrile, Lapid and Revilla Jr. as authors thereof.

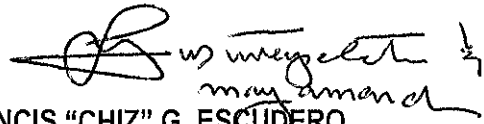
Respectfully submitted:

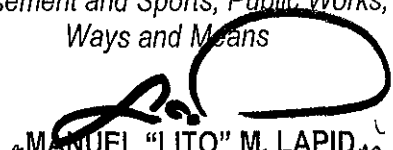
Chairmen:

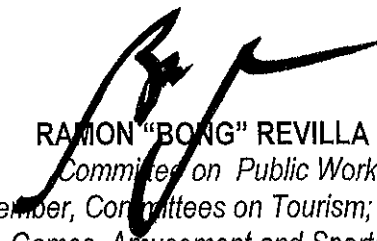
Chairman with interpellations and amendments

JUAN PONCE ENRILE
 Committee on Finance;
 Member, Committee on Ways and Means


RICHARD J. GORDON
 Committee on Tourism;
 Member, Committees on Finance; Civil Service and Government Reorganization; Games, Amusement and Sports; Public Works; and Ways and Means

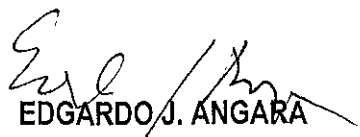
ANTONIO F. TRILLANES IV
 Committee on Civil Service and Government Reorganization;
 Member, Committees on Finance; Games, Amusement and Sports; Public Works; and Ways and Means

Chairman

FRANCIS "CHIZ" G. ESCUDERO
 Committee on Ways and Means;
 Member, Committees on Finance; and Civil Service and Government Reorganization

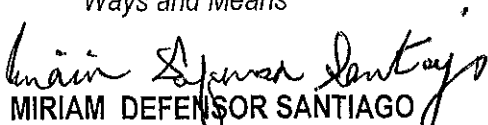

MANUEL "LITO" M. LAPID
 Committee on Games, Amusement and Sports;
 Member, Committees on Tourism; Finance; Public Works; and Ways and Means

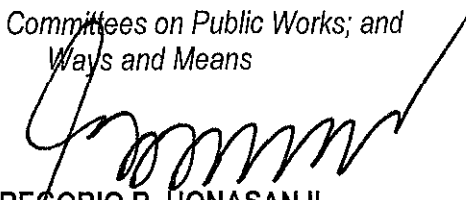

RAMON "BONG" REVILLA JR.
 Committee on Public Works;
 Member, Committees on Tourism; Finance; Games, Amusement and Sports; and Ways and Means


Vice Chairmen:


EDGARDO J. ANGARA
 Committee on Finance;
 Member, Committees on Civil Service and Government Reorganization; Public Works; and Ways and Means

JOKER P. ARROYO
 Committee on Finance
 Member, Committees on Public Works; and Ways and Means

Chairman

MIRIAM DEFENSOR SANTIAGO
 Committee on Finance
 Member, Committee on Public Works


GREGORIO B. HONASAN II
 Committee on Games, Amusement & Sports;
 Member, Committees on Civil Service and Government Reorganization; Finance; Public Works; and Ways and Means


LOREN B. LEGARDA
 Acting Chairman
 (As manifested on 30 January 2008)
 Committee on Civil Service and Government Reorganization;
 Member, Committees on Tourism; Finance; Games, Amusement and Sports; and Ways and Means

Members:

Pro. S. Cayetano may amend.
COMPAÑERA PIA S. CAYETANO
Committees on Tourism; Games, Amusement
and Sports; and Finance;

M. A. MADRIGAL
Committees on Tourism; Finance; Public
Works; and Ways and Means

RAIN 4/23/08
JUAN MUGUEL F. ZUBIRI
Committees on Tourism; Finance; Games,
Amusement and Sports; Public Works;
and Ways and Means

[Signature]
MAR A. ROXAS
Committees on Finance; and Ways
and Means

[Signature]
PANFILO M. LACSON
Committees on Finance; Public Works;
and Ways and Means

ALAN PETER "COMPAÑERO" S. CAYETANO
Committees on Civil Service and
Government Reorganization; and Ways
and Means

[Signature]
RODOLFO B. BIAZON
Committees on Finance; Games,
Amusement and Sports; and Public Works

[Signature]
BENIGNO S. AQUINO III
Committee on Public Works

Ex-Officio Members:

[Signature]
JINGGOY EJERCITO ESTRADA
President Pro-Tempore

[Signature]
FRANCIS N. RANGILINAN
Majority Leader


may amend:
[Signature]
AQUILINO Q. PIMENTEL JR.
Minority Leader

Hon. MANNY VILLAR
President
Senate of the Philippines
Pasay City

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

8 APR 28 4:51:13

SENATE
 S. No: 2213

RECEIVED BY: 

Prepared jointly by the Committees on Tourism; Civil Service and Government Reorganization; Ways and Means; Finance; Games, and Amusement and Sports; and Public Works with Senators Gordon, Pangilinan, Ejercito Estrada, Legarda, Trillanes IV, Escudero, Enrile, Lapid and Revilla Jr. as authors thereof

AN ACT DECLARING A NATIONAL POLICY FOR TOURISM AS AN ENGINE OF INVESTMENT, EMPLOYMENT, GROWTH AND NATIONAL DEVELOPMENT, REORGANIZING THE DEPARTMENT OF TOURISM AND ITS ATTACHED AGENCIES TO EFFECTIVELY AND EFFICIENTLY IMPLEMENT THAT POLICY, PROVIDING NECESSARY INCENTIVES FOR INVESTMENT AND APPROPRIATING FUNDS THEREFOR

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

CHAPTER I. GENERAL PROVISIONS

1 **SECTION 1. *Short Title.*** - This Act shall be known as "The Tourism Act of 2008."

2 **SEC. 2. *Declaration of Policy.*** - The State declares tourism as an indispensable
 3 element of the national economy and an industry of national interest and importance, which
 4 must be harnessed as an engine of socio-economic growth and cultural affirmation to
 5 generate investment, foreign exchange and employment, and to continue to mold an
 6 enhanced sense of national pride for all Filipinos.

7 Towards this end, the State shall develop the country as a prime tourist hub in Asia,
 8 as well as a center of world congresses and conventions, by promoting tourism anchored
 9 principally on the country's history, culture and natural endowments. It shall also be the duty
 10 of the State to uphold the primacy of protecting, preserving and promoting these resources.
 11 The State shall further encourage private sector participation and agri-tourism for
 12 countryside development and preservation of rural life.

13 The State shall further promote a focused, sustainable, responsible and participative
 14 culture of tourism that is ecologically and culturally sensitive, economically viable, and
 15 ethically and socially equitable for local communities.

16 **SEC. 3. *Definition of Terms.*** - The following terms, as used in this Act, are defined

1 as follows:

- 2 a. "Department" refers to the Department of Tourism created pursuant to Presidential
3 Decree No. 189, as amended;
- 4 b. "Secretary" refers to the Secretary of Tourism;
- 5 c. "Department of Budget and Management" (DBM) refers to the government agency
6 created pursuant to Executive Order No. 292 (1987);
- 7 d. "Department of Environment and Natural Resources" (DENR) refers to the
8 government agency created pursuant to Executive Order No. 192 (1986);
- 9 e. "Department of Finance" (DOF) refers to the government agency created pursuant to
10 Executive Order No. 127 (1986) as amended;
- 11 f. "Duty Free Philippines" (DFP) refers to the government agency created pursuant to
12 Executive Order No. 46 (1986);
- 13 g. "Duty-Free Philippines Corporation" (DFPC) refers to the corporate entity created out
14 of DFP pursuant to this Act;
- 15 h. "Philippine Conventions and Visitors Corporation" (PCVC) refers to the corporate
16 entity created pursuant to Presidential Decree No. 867, as amended;
- 17 i. "Intramuros Administration" (IA) refers to the government agency created pursuant
18 to Presidential Decree No. 1616;
- 19 j. "Philippine Retirement Authority" (PRA) refers to the government agency created
20 pursuant to Executive Order No. 1037 (1985);
- 21 k. "Tourism Enterprise Zone Authority" (TEZA) refers to the government agency created
22 pursuant to this Act;
- 23 l. "Zone" refers to a Tourism Enterprise Zone created pursuant to this Act;
- 24 m. "Zone Overseer" refers to the person appointed by the TEZA who shall be its alter
25 ego in the specific Zone to which he or she is assigned and who shall perform such
26 other powers as may be delegated to him or her by the TEZA in accordance with law;
- 27 n. "Zone Operator" refers to a Tourism Enterprise Zone Operator, which is an entity duly
28 incorporated under general Philippine law, whose capital may be provided by the
29 national government, one or more city and/or provincial governments, and/or private
30 entities, and which shall administer and supervise each Zone;
- 31 o. "Zone Administrator" refers to the person appointed by the Board of Directors of a
32 Zone Operator who shall be responsible for implementing the policies, plans and
33 projects of the Zone Operator Board of Directors and who shall undergo and pass

- 1 the relevant training program of the Department;
- 2 p. "Registered Enterprise" shall refer to an enterprise located within a Zone that is duly-
- 3 registered with the TEZA;
- 4 q. "Philippine Tourism Authority" (PTA) refers to the existing implementation arm of the
- 5 *Department of Tourism created pursuant to Presidential Decree No. 189, as*
- 6 *amended;*
- 7 r. "Tourism Promotions Board" (TPB) shall refer to the body corporate created under
- 8 this Act;
- 9 s. "Tourism enterprises" shall refer to facilities, services and attractions involved in
- 10 tourism, such as, but not limited to: travel and tour services; tourist transport
- 11 services, whether for land, sea or air; tour guides; adventure sports services,
- 12 *involving such sports as mountaineering, spelunking, scuba diving, and other sports*
- 13 *activities of significant tourism potential; convention organizers; accommodation*
- 14 *establishments, including but not limited to hotels, resorts, apartelles, tourist inns,*
- 15 *motels, pension houses, and home stay operators; tourism estate management*
- 16 *services, restaurants, shops and department stores, sports and recreational centers,*
- 17 *spas, museums and galleries, theme parks, convention centers and zoos;*
- 18 t. "Primary tourism enterprises" shall refer to travel and tour services; land, sea and air
- 19 *transport services exclusively for tourist use; accommodation establishments;*
- 20 *convention and exhibitions organizers; tourism estate management services; and*
- 21 *such other enterprises as may be identified by the Secretary, after due consultation*
- 22 *with concerned sectors;*
- 23 u. "Secondary tourism enterprises" shall refer to all other tourism enterprises not
- 24 covered by the preceding subsection;
- 25 v. "Affected local government unit" shall refer to a province or a city that has a Zone, or
- 26 a part thereof, *within its territorial jurisdiction;*
- 27 w. "Greenfield Tourism Zone" refers to a new or pioneer development, as determined by
- 28 the TEZA; and
- 29 x. "Brownfield Tourism Zone" refers to an area with existing infrastructure or
- 30 development as determined by the TEZA.

31 **CHAPTER II. TOURISM GOVERNANCE**

32 **Subchapter II-A. Structure of the Department**

33 **SEC. 4. *Mandate.*** - The Department of Tourism, hereinafter referred to as the

1 Department, shall be the primary planning, programming, coordinating and implementing
2 government agency in the development of the tourism industry, both domestic and
3 international, in coordination with attached agencies and other government
4 instrumentalities.

5 **SEC. 5. Powers and Functions.** - The Department shall have the following powers
6 and functions:

- 7 a. Formulate tourism policies, plans and projects;
- 8 b. Supervise and coordinate the implementation of tourism policy, plans and projects;
- 9 c. In coordination with local governments, delegate to regional offices specific powers
10 and functions in the implementation of tourism policies, plans and projects;
- 11 d. Communicate to the President, and the heads of departments, agencies and
12 instrumentalities of the government, the impact upon tourism and the economy of
13 proposed governmental actions;
- 14 e. Represent the government in all domestic and international conferences, and in all
15 multilateral or bilateral treaties and international agreements concerning tourism, and
16 ensure the government's implementation thereof and compliance with all obligations
17 arising therefrom;
- 18 f. Effect the removal of unnecessary barriers to travel, and the integration and
19 simplification of travel and tourist transport regulations, and ensure their efficient, fair
20 and courteous enforcement to assure expeditious and hospitable reception of all
21 visitors;
- 22 g. Issue timely advisories on the safety or viability of travel to particular places within
23 the Philippines and on patronage of entities engaged in tourism-related activities and
24 of tourism products, the implementing rules and regulations for the issuance,
25 publication and validity of which shall be promulgated within thirty (30) days from the
26 effectivity of this Act;
- 27 h. Enforce, support and promote the protection, maintenance and preservation of
28 historical, cultural and natural endowments, in cooperation with appropriate
29 government agencies and the private sector, and take appropriate measures against
30 acts and omissions contrary to these objectives;
- 31 i. Formulate and promulgate rules and regulations prescribing standards for the
32 operation of tourism enterprises in accordance with the highest relevant international
33 standards, and in consultation with the private sector;

- 1 j. Create standards for accreditation of tourism enterprises and other entities engaged
2 in tourism-related activities, accredit and classify them, and impose reasonable
3 penalties for violations of, or for failure to obtain accreditation to maintain and
4 improve standards of operation and service;
- 5 k. Ensure the proper coordination, integration, prioritization and implementation of local
6 government tourism development plans with that of the national government;
- 7 l. Receive and investigate complaints concerning tourism enterprises, and act on such
8 complaints to properly implement the provisions of this Act;
- 9 m. Collect necessary fees and charges for the proper implementation of tourism policies,
10 plans and projects; and
- 11 n. Exercise such other powers and functions as are necessary or incidental to the
12 implementation of this Act.

13 **SEC. 6. Structure of the Department.** - The Department shall consist of the
14 Department Proper, Department Services, Bureaus and Offices and the Regional Offices.

15 **SEC. 7. Department Proper.** - The Department Proper shall consist of the offices of
16 the Secretary, Undersecretaries and Assistant Secretaries.

17 **SEC. 8. Office of the Secretary.** - The Office of the Secretary shall consist of the
18 Secretary and his/her immediate staff.

19 **SEC. 9. Undersecretaries and Assistant Secretaries.** - The Secretary shall be
20 assisted by at least three (3) Undersecretaries, namely:

- 21 a. Undersecretary for Tourism Development, who shall be responsible for the Bureau of
22 Tourism Development Planning and Bureau of Tourism Coordination;
- 23 b. Undersecretary for Tourism Regulation, who shall be responsible for the Bureau of
24 Tourism Standards, Regulations and Industry Manpower Development, and all
25 Regional Offices; and
- 26 c. Undersecretary for Department Services.

27 Additional Undersecretaries may be appointed based on exigency and upon approval
28 by the President. There shall be at least three Assistant Secretaries to be appointed by the
29 President.

30 **SEC. 10. Department Services.** - The Department Services shall consist of a
31 Financial and Management Service, an Administrative Affairs Service, and a Legal Affairs
32 Service.

33 **SEC. 11. Financial and Management Service.** - The Financial and Management

1 Service shall provide the Department with staff advice and assistance on budgetary,
2 financial and management matters and shall perform such other related functions as may
3 be assigned or delegated to it by the Secretary.

4 **SEC. 12. *Administrative Affairs Service.*** - The Administrative Affairs Service shall
5 provide the Department with staff advice and assistance on personnel information, records,
6 communications, supplies, equipment, collection, disbursements, security, other custodial
7 work and such other related duties and responsibilities as may be assigned or delegated to
8 it by the Secretary.

9 **SEC. 13. *Legal Affairs Service.*** - The Legal Affairs Service shall provide the
10 Department with staff advice and assistance on all legal matters affecting the Department
11 and perform such other related functions as may be assigned or delegated to it by the
12 Secretary. It shall likewise receive and investigate complaints concerning tourism
13 enterprises, and act on such complaints to properly implement the provisions of this Act.
14 For this purpose, the Department shall promulgate rules of pleading and practice before the
15 Legal Affairs Service in accordance with law and other pertinent issuances. The Rules of
16 Procedure shall be promulgated within six (6) months from the effectivity of this Act.

17 **SEC. 14. *Bureau of Tourism Development Planning.*** - Recognizing the value of
18 national tourism development planning, the Bureau of Tourism Development Planning shall
19 have the following functions:

- 20 a. Prepare a National Tourism Development Plan within sixty (60) days from the
21 effectivity of this Act, identifying geographic areas with potential tourism value,
22 outlining approaches to developing such areas;
- 23 b. Provide continuing research and statistical analysis on the social and economic
24 impact, market and competition, standards and ethics of tourism, and such other
25 data as necessary basis for tourism policies and programs;
- 26 c. Formulate, in coordination with local government units, local tourism development
27 plans which are consistent with the National Tourism Development Plan; and
- 28 d. Monitor and evaluate the implementation of plans and programs of the Department
29 and of the local government units and take appropriate action for violations of the
30 same.

31 **SEC. 15. *Bureau of Tourism Coordination.*** - Recognizing that increased linkages
32 are necessary between various government offices and the private sector and among the
33 various entities in the private sector itself to properly implement tourism policy, the Bureau

1 of Tourism Coordination shall have the following functions:

- 2 a. Maintain close coordination with national government agencies, local government
3 units, non-governmental organizations, and other private entities for the development
4 and implementation of national tourism plans and policies;
- 5 b. Call upon the assistance and support of any or all of the government agencies in the
6 implementation of the policies of the Department; and
- 7 c. Support the private sector in all tourism activities requiring governmental
8 coordination.

9 **SEC. 16. Bureau of Tourism Standards, Regulations and Industry Manpower**

10 **Development.** - Recognizing the need for internationally competitive standards of facilities
11 and services, the Bureau of Tourism Standards, Regulations and Industry Manpower
12 Development shall have the following functions:

- 13 a. Formulate and enforce standards for the operation and maintenance of tourism
14 enterprises, prescribing minimum and progressive levels of operating quality and
15 efficiency consistent with local and international standards;
- 16 b. Coordinate with relevant tourism enterprise associations, including adventure sports
17 associations, in the formulation of rules and regulations, accreditation, and
18 enforcement;
- 19 c. *Develop and enforce a comprehensive system of mandatory accreditation for*
20 *primary tourism enterprises, and voluntary accreditation for secondary tourism*
21 *enterprises, in accordance with prescribed guidelines and standards;*
- 22 d. Establish a system of registration, information, linkage, and mutual assistance
23 among accredited tourism enterprises to enhance the value of accreditation and
24 improve the quality of service rendered by such enterprises;
- 25 e. Conduct seminars on Philippine history, culture, environment and related subjects, in
26 coordination with appropriate government agencies and the private sector,
27 specifically educational institutions;
- 28 f. Encourage the development of training courses and apprenticeship programs for
29 tourist guides and other similar workers jointly with concerned tourism enterprises,
30 appropriate government agencies and the private sector; and
- 31 g. Enlist the participation of experts for the provision of technical assistance, training
32 and education programs to local governments, tourism enterprises and other entities
33 to improve the quality of tourism services and issue certifications to the effect that

1 these recipients of assistance, training and education have passed the standards set
2 by the said experts, in accordance with this Act.

3 **SEC. 17. Regional Offices.** - The Department shall establish, operate and maintain a
4 Regional Office in each administrative region in the country. A Regional Office shall be
5 headed by a Regional Director and shall, within its administrative region, have the following
6 functions:

- 7 a. Implement and enforce laws, policies, plans, programs, rules and regulations of the
8 Department, particularly those relating to the accreditation of tourism enterprises
9 promulgated by the Department;
- 10 b. Coordinate with regional offices of other departments, bureaus, and agencies, local
11 government units, non-governmental organizations and the regional offices of the
12 Department's attached agencies in the implementation of such laws, policies, plans
13 programs and rules and regulations;
- 14 c. Together with local government units, establish such tourist information and
15 assistance centers at strategic locations as are necessary to disseminate relevant
16 information pertaining to the tourist locations and products and to assist tourists and
17 tourism enterprises;
- 18 d. In coordination with the Tourism Promotions Board, carry out domestic promotions,
19 training and information campaign for the benefit of the general public in the
20 pertinent region on subject matters such as this Act, the functions of the Department,
21 tourism traffic and new tourism sites, among others;
- 22 e. Make recommendations to the Secretary on all matters relating to tourism in the
23 region; and
- 24 f. Exercise such other functions as are necessary or incidental to the implementation of
25 this Act.

26 **Subchapter II-B. Rationalization of Functions**

27 **SEC. 18. Reorganization of Offices.** - The Philippine Tourism Authority (PTA) is
28 hereby reorganized as the Tourism Enterprise Zone Authority (TEZA), as hereinafter
29 provided. The Philippine Conventions and Visitors Corporation (PCVC) is hereby
30 reorganized as the Tourism Promotions Board (TPB), as hereinafter provided.

31 The Bureaus for Domestic and International Tourism Promotions, and the Offices of
32 Tourism Information and Product Development of the Department are hereby absorbed into
33 the Tourism Promotions Board.

1 **SEC. 19. *Human Resources.*** - Where certain functions are declared redundant on
2 account of the reorganization, the Department, the Tourism Enterprise Zone Authority Board
3 ("*TEZA Board*"), and the *Tourism Board* shall provide for the reassignment, insofar as
4 practicable, of affected employees to similar positions within the Department and its
5 attached agencies, taking into consideration their skills and experience, without loss of
6 seniority or other rights and privileges. In any case, all relevant laws, decrees, executive
7 orders, rules and regulations concerning the rights of government employees in the
8 reorganization of an office shall be respected.

9 **SEC. 20. *Rationalization of Assets.*** - The assets and liabilities of the PTA shall be
10 held in trust and managed by a special committee composed of the Secretaries of Tourism,
11 Budget and Management, and Finance. Within one hundred and twenty (120) days from
12 the effectivity of this Act, the committee shall prepare a report identifying all the assets of the
13 PTA, indicating their values, and recommendations on the proper disposition of those
14 assets.

15 When economically feasible and financially viable, assets may be assigned to the
16 TEZA for sale, lease and/or development into Zones, as hereinafter provided.

17 **SEC. 21. *Retirement and Separation Compensation.*** - Should any employee be
18 separated from government service on account of the reorganization of the Department,
19 said employee shall be entitled to claim such separation pay, retirement benefits or other
20 benefits provided by law, decree or executive order.

21 **SEC. 22. *Foreign Field Offices.*** - The operation and supervision of foreign field
22 offices of the Department shall be transferred to the Tourism Promotions Board.

23 **Subchapter II-C. Attached Agencies and Corporations**

24 **SEC. 23. *Attached Agencies.*** – The TPB and the TEZA created herein shall be
25 attached to the Department and shall be under the supervision of the Secretary for program
26 and policy coordination. Furthermore, the following agencies and corporations shall be
27 attached to the Department under the supervision of the Secretary for program and policy
28 coordination: the Duty-Free Philippines Corporation as hereinafter provided; the Intramuros
29 Administration; the National Parks Development Committee, created under Executive Order
30 No. 30 (1963); the Nayong Pilipino Foundation, created under Presidential Decree No. 37,
31 as amended; the Philippine Retirement Authority; and the Philippine Commission on Sports
32 Scuba Diving. Except as hereinafter provided, each of the attached agencies shall continue
33 to operate under their respective charters.

1 **SEC. 24. Duty-Free Philippines Corporation.** – The Duty Free Philippines System
2 shall be reorganized as a body corporate to be known as *Duty-Free Philippines Corporation*
3 (DFPC), which shall operate the duty and tax free merchandising system for tourists and
4 generate foreign exchange for the Philippines.

5 The DFPC shall have the exclusive authority to operate, or to contract out the
6 operation of, stores and shops that would sell, among others, tax and duty-free
7 merchandise, goods and articles, in international airports and seaports, and in tourism
8 enterprise zones throughout the country, in a manner that:

- 9 1) Is competitive with international standards;
- 10 2) Effectively showcases Philippine culture, craftsmanship and industry; and
- 11 3) Efficiently and effectively generates foreign exchange.

12 The DFPC and the operation of duty free stores and shops shall always remain in
13 government control and shall not be bidden out to private parties, except as provided for in
14 Republic Act No. 6768, as amended, otherwise known as “An Act Instituting A Balikbayan
15 Program”.

16 Such merchandise, goods and articles shall only be sold to persons departing for
17 abroad. Under such limitations, rules and regulations that may be provided by the
18 Department of Tourism and concurred in by the Department of Finance, such merchandise,
19 goods and articles may also be sold to passengers arriving in the Philippines from abroad.

20 a. In the performance of its functions, DFPC shall have all the general powers of a
21 corporation established under Batas Pambansa Blg. 68, otherwise known as the
22 Corporation Code of the Philippines, in furtherance of its Charter.

23 b. Duty-Free Philippines shall be governed by a Board of Directors composed as
24 follows:

- 25 i. The Secretary of Tourism as Chairperson;
- 26 ii. The General Manager of DFPC as Vice Chairperson;
- 27 iii. The Chief Operating Officer of the TPB;
- 28 iv. The Administrator of the TEZA; and
- 29 v. Four persons appointed by the President with recognized competence in
30 business management, marketing, finance, tourism or related fields.

31 The General Manager shall be appointed by the Secretary to implement the plans,
32 programs and policies of the Board of Directors. He/she must have recognized
33 competence in business management, marketing, finance, tourism or related fields.

1 c. The properties, assets and funds currently being utilized by the present Duty-Free
2 Philippines system shall be considered as the capitalization of the new corporate
3 entity.

4 d. Consistent with the nature of its operations and primary function to operate as a tax
5 and duty free merchandising system, and to enable it to compete in the international
6 tax and duty free market, DFPC shall be entitled to exemption from the following:

7 i. Duties and taxes, including excise and VAT, relative to the importation of
8 merchandise for sale;

9 ii. Local taxes and fees imposed by the local government units; and

10 iii. Income taxation.

11 **SEC. 25. *Intramuros Administration.*** – In order to fully implement the mandate
12 of the Intramuros Administration under Presidential Decree No. 1616, as amended,
13 the area delineated as Intramuros is hereby declared a Tourism Enterprise Zone and the
14 Intramuros Administration its Zone operator, under the supervision of the TEZA. The
15 delimitations of Intramuros may be modified by executive order, upon recommendation of
16 the TEZA.

17 **SEC. 26. *Philippine Retirement Authority.*** - For purposes of policy and
18 program coordination, the Philippine Retirement Authority is hereby attached to the
19 Department and placed under the supervision of the Secretary. The Secretary shall
20 be the *ex-officio* Chairperson of its Board of Trustees.

21 **SEC. 27. *Philippine Commission on Sports Scuba Diving.*** - The Philippine
22 Commission on Sports Scuba Diving shall likewise be attached to the Department and
23 placed under the supervision of the Secretary, who shall be the *ex-officio*
24 Chairperson of its Board of Trustees. The state shall undertake measures to provide the
25 standard basic dive rules to all levels or kinds of divers, regulate scuba sports and
26 technical diving in the country and ensure the safety of the sport through the
27 enactment of laws pursuant thereto, including the regulation of the accredited scuba
28 sports and technical diving establishments. The pertinent law shall be enacted for the
29 efficient and effective implementation of this state policy.

30 **Subchapter II-D. Control and Supervision of Areas of**
31 **Overlapping Jurisdictions**

32 **SEC. 28. *Rationalization of Tourism Zones, Areas and Spots.*** - Any jurisdiction
33 over any tourism zone, area or spot previously vested by law, executive order or presidential

1 decree on the PTA or any other national government agency shall be vested in the
2 Department.

3 In the interest of efficiency in supervision and in recognition of local autonomy, the
4 Department, through appropriate arrangements, may from time to time transfer control over
5 a tourism zone, area or spot, or a portion thereof, to another agency or office of the
6 government, or to a local government unit. This shall only be effected upon the submission
7 of the latter, within a reasonable time, of comprehensive plans for the use, development,
8 preservation and promotion of all tourism zones, areas, or spots and upon the approval
9 thereof. Such transfer shall not have the effect of diminishing the jurisdiction of the
10 Department over these zones, areas or spots.

11 The Department shall exercise supervisory powers over such agency, office or local
12 government unit in accordance with the terms of the transfer or the development plan of the
13 zone, area or spot. Where a national government agency or a local government unit fails to
14 implement the comprehensive plan approved by the Department, the Department may, after
15 due notice and hearing, rescind the arrangement transferring control over the tourism zone,
16 area or spot and regain such control thereof.

17 **SEC. 29. National Integrated Protected Areas System and the National Eco-**
18 **tourism Policy.** - Within one (1) year from the effectivity of this Act, the Department and the
19 DENR shall identify areas covered by the National Integrated Protected Areas System with
20 ecotourism potential and prepare comprehensive plans for the use, development,
21 preservation and promotion of these areas subject to prior environmental impact
22 assessments. When practicable, and with the concurrence of the DENR, the Protected
23 Area or portions thereof, and areas currently covered by the Ecotourism Policy proclaimed
24 under Executive Order No. 111 (1999), may be organized as Zones under the supervision of
25 the TEZA, as hereinafter provided.

26 **Subchapter II-E. Shared Responsibilities of National and**
27 **Local Governments**

28 **SEC. 30. Coordination between National and Local Governments.** - In view of the
29 urgent need to develop a national strategy for tourism development while giving due regard
30 to the principle of local autonomy, the Department and the local governments shall integrate
31 and coordinate local and national plans for tourism development. The Department may
32 provide financial and technical assistance, training and other capacity-building measures to
33 local governments for the preparation and implementation of tourism development plans,

1 giving due priority to areas that have been identified as strategic in the implementation of
2 the national tourism development plan. Local governments shall ensure the implementation
3 of such plans. The TPB shall prioritize promotion and development assistance for local
4 government units which successfully adopt and implement their tourism development plans.

5 **SEC. 31. *Local Tourism Development Planning.*** - Local government units are
6 encouraged to utilize their powers under the Local Government Code to ensure the
7 preparation and implementation of a tourism development plan. They shall, insofar as
8 practicable, draft tourism development plans that integrate zoning, land use, infrastructure
9 development, the national system of standards for tourism enterprises, heritage and
10 environmental protection imperatives in a manner that encourages sustainable
11 development.

12 **SEC. 32. *National Tourism Development Planning.*** - The Department, in
13 coordination with its attached agencies, local government units and the private sector, shall
14 continuously update the existing national tourism development plan in view of evolving
15 needs and capabilities of local governments and the domestic and global tourism market.

16 **SEC. 33. *Reports.*** - In order to monitor the resources of the Department and to
17 ascertain the economic and social impact of tourism, every provincial or city local
18 government unit shall provide an inventory of all the resources available to the Department
19 for use in the implementation of this Act. They shall likewise periodically report to the
20 Department on the status of tourism, plans and programs, tourist arrivals, and tourism
21 enterprises, among others, within their jurisdictions.

22 **SEC. 34. *Accreditation.*** - In order to encourage global competitiveness, strengthen
23 data gathering and research on tourism, and facilitate the promotion of individual
24 enterprises and the industry as a whole, primary tourism enterprises shall be periodically
25 required to obtain accreditation from the Department as to the quality of their facilities and
26 standard of services. Accreditation shall be voluntary for secondary tourism enterprises.

27 The Department shall evolve a system of standards for the accreditation of these
28 enterprises in accordance with the relevant tourism development plan. These standards
29 should adhere, insofar as practicable, to those recognized internationally. The Department
30 and local governments shall ensure strict compliance of tourism enterprises with these
31 standards.

32 The Department, through the Legal Affairs Service, shall act on complaints regarding
33 accredited tourism enterprises, and after notice and hearing, may impose fines, or

1 downgrade, suspend or revoke accreditation, for violation of the terms of accreditation. The
2 Department shall likewise have the power and the duty to issue tourism advisories
3 pertaining to tourism enterprises found to have violated the terms of their accreditation. A
4 tourism advisory shall contain the following:

- 5 a) Complete identification of the pertinent tourism enterprise;
- 6 b) Location of this entity;
- 7 c) Its registered owner or proprietor and the business address thereof;
- 8 d) The specific term or terms of accreditation violated; and
- 9 e) The statement that the advisory shall only be lifted upon continued compliance of the
10 enterprise with the terms of accreditation.

11 Tourism enterprises registered with the TEZA in accordance with the pertinent
12 provisions below and availing of the incentives under this Act may further be ordered to pay
13 backtaxes in the amount equivalent to the difference between the taxes that they should
14 have paid had they not availed of the incentives under this Act and the actual amount of
15 taxes being paid by them under the same incentive scheme. The backtaxes to be collected
16 shall be computed up to three (3) years directly preceding the date of promulgation of the
17 decision or order finding that the tourism enterprise violated the terms of its accreditation.
18 For this purpose, the Department shall enlist the participation of the Bureau of Internal
19 Revenue in arriving at an accurate computation of backtaxes to be paid by the pertinent
20 tourism enterprise. The proceeds of these backtaxes shall be distributed as follows:

- 21 a) One-third to the national government;
- 22 b) One-third to the local government unit or units concerned, to be shared by them
23 equally should there be more than one local government unit concerned; and
- 24 c) One-third to the TEZA.

25 Nothing in this section shall diminish the powers of the local government units under
26 Republic Act No. 7160, otherwise known as the Local Government Code of 1991, pertaining
27 to the issuance of business permits, licenses and the like. When an enterprise fails to
28 obtain or loses accreditation, the Department shall notify the local government unit
29 concerned so that it may take appropriate action in relation to an enterprise's licenses and
30 permits to operate.

31 The Department may, under such relevant terms and conditions stipulated, delegate
32 the enforcement of the system of accreditation to local government units that have adopted
33 and successfully implemented their tourism development plan.

1 The Department shall promulgate the necessary implementing rules and regulations
2 to enforce the provisions of this section pursuant to its powers and functions as defined
3 under Section 5 of this Act.

4 **SEC. 35. Value of Accreditation.** - The Department shall develop a system to
5 enhance the value of accreditation among primary and secondary tourism enterprises.
6 Accredited enterprises shall be preferred in promotional, training and other programs of the
7 Department and its attached agencies.

8 Accredited enterprises shall, insofar as practicable, give due preference to other
9 accredited enterprises in obtaining relevant services.

10 The Department shall develop an integrated system of accreditation with government
11 agencies and instrumentalities that independently accredit tourism and other enterprises in
12 order to reduce the regulatory and financial burden on the private sector.

13 **SEC. 36. Local Government Capabilities Enhancement.** - The Department shall
14 develop support and training programs to enhance the capacities and capabilities of local
15 governments to monitor and administer tourism activities, and enforce tourism laws, rules
16 and regulations in their respective jurisdictions. Funding for such programs shall be shared
17 equitably between the Department and the local governments concerned.

18 **CHAPTER III. TOURISM PROMOTIONS**

19 **Subchapter III-A. Tourism Promotions Board**

20 **SEC. 37. Tourism Promotions Board.** - Under the supervision of the Secretary and
21 attached to the Department for purposes of program and policy coordination shall be a body
22 corporate known as the Tourism Promotions Board (TPB).

23 **SEC. 38. Mandate.** - The TPB shall be responsible for marketing and promoting the
24 Philippines domestically and internationally as a major global tourism destination,
25 highlighting the uniqueness and assisting the development of its tourism products, with the
26 end in view of increasing tourist arrivals and tourism investment. Specifically, it shall market
27 the Philippines as a major convention destination in Asia. To this end, it shall take charge of
28 attracting, promoting, facilitating, and servicing large-scale events, international fairs and
29 conventions, congresses, sports competitions, expositions and the like. It shall likewise
30 ensure the regular advertisement abroad of the country's major tourism destinations and
31 other tourism products, not limited to tourism enterprise zones. It shall also provide
32 incentives to travel agencies abroad which are able to draw tourists and tourism
33 investments to the country.

1 **SEC. 39. Board of Directors.** – The TPB shall be governed and its powers exercised
2 by a Board of Directors (“Tourism Board”), composed as follows:

- 3 a. The Department Secretary, as Chairperson;
- 4 b. The TPB Chief Operating Officer, as Vice Chairperson;
- 5 c. The TEZA Administrator;
- 6 d. The General Manager of DFPC;
- 7 e. A representative from the Philippine Amusements and Gaming Corporation
8 (PAGCOR);
- 9 f. A representative from the international airport or seaport providing the largest
10 contribution to the Tourism Development Fund as provided under Subchapter III-B,
11 Section 49;
- 12 g. One representative each from the League of Cities of the Philippines and the League
13 of Provinces of the Philippines;
- 14 h. Nine directors elected by the Tourism Congress as provided below.

15 **SEC. 40. The Chief Operating Officer.** – The TPB shall have a Chief Operating
16 Officer who shall be a Filipino with a degree in business, law, tourism, public administration
17 or relevant fields, and with demonstrated expertise therein. He/she must have been
18 engaged in a managerial capacity for at least five (5) years prior to his/her appointment.
19 The President shall appoint a Chief Operating Officer in an acting capacity until such time
20 when the Tourism Board convenes and elects a qualified individual for such position. After
21 the Tourism Board convenes, the Chief Operating Officer shall then be elected by a majority
22 of the members of the Tourism Board and shall serve for a term of three (3) years, unless
23 earlier removed for cause as provided by law. He or she may, however, be reappointed.

24 **SEC. 41. Elected Directors.** – In accordance with Section 39, paragraph (g) of this
25 Act, the Tourism Congress as created under Chapter VI, Section 83 shall elect from among
26 its members the directors to represent the tourism industry, specifically the following
27 sectors:

- 28 a. Accommodation enterprises;
- 29 b. Travel and tour services;
- 30 c. Land, air and sea tourist transport services;
- 31 d. Conventions and exhibitions services and suppliers; and
- 32 e. Three representatives from other tourism enterprises.

33 All directors shall each serve a term of two (2) years.

1 **SEC. 42. Powers of the Tourism Promotions Board.** – The TPB shall have all the
2 general powers of a corporation provided under Batas Pambansa Blg. 68, otherwise known
3 as the Corporation Code of the Philippines. Furthermore, it shall have the following powers:

- 4 a. Engage in the business of tourism and perform acts in consonance therewith, such
5 as, but not limited to, attending conventions and other events abroad in
6 representation of the country, encouraging sales promotions and advertising, and
7 implementing programs and projects with the objective of promoting the country and
8 enticing tourists to visit its tourism destinations and to enjoy its tourism products;
- 9 b. Contract loans, indebtedness and credit, and issue commercial papers and bonds, in
10 any local or convertible foreign currency from international financial institutions,
11 foreign government entities, and local or foreign private commercial banks or similar
12 institutions under terms and conditions prescribed by law, rules and regulations;
- 13 c. Execute any deed of guarantee, mortgage, pledge, trust or assignment of any
14 property for the purpose of financing the programs and projects deemed vital for the
15 early attainment of its goals and objectives, subject to the provisions of the
16 Constitution (Article VII, Section 20, and Article XII, Section 2, paragraphs (4) and
17 (5));
- 18 d. Receive donations, grants, bequests and assistance of all kinds from local and
19 foreign governments and private sectors, and utilize the same;
- 20 e. Extend loans, provide grants and other forms of financial assistance for manpower
21 training, heritage preservation, infrastructure development, and other programs of
22 the Department;
- 23 f. Obtain the services of local and foreign consultants, and enter into contracts locally
24 and abroad in the performance of its functions; and
- 25 g. Exercise such other powers and functions as are necessary or incidental to the
26 implementation of this Act.

27 **SEC. 43. Meetings of the Board.** - The Tourism Board shall meet at least once a
28 month at the principal office of the TPB, unless the Tourism Board previously agrees in
29 writing to meet at another location.

30 **SEC. 44. Internal Structure.** - The Tourism Board shall have the power to determine
31 its operational and staffing structure in a manner that will allow it to best implement its
32 mandate.

33 **SEC. 45. Capitalization.** – From the collections of travel taxes, the national

1 government shall set aside an amount of two hundred fifty million pesos (PHP 250,000,000)
2 to capitalize the operations of the TPB.

3 **SEC. 46. *Strategic Marketing Plan.*** – The TPB shall draft comprehensive short-,
4 medium- and long-term marketing plans for the Philippines as a destination for travel,
5 business and investment, particularly tourism investment. It shall coordinate, insofar as
6 practicable, with relevant agencies of the government and the private sector in the
7 preparation of such plans.

8 Such plans shall be duly approved by the Tourism Board. The Chief Operating
9 Officer shall ensure that the marketing plans are duly implemented, and shall periodically
10 report to the Tourism Board the status of their implementation. He/she shall also coordinate
11 to ensure that the other agencies of the government and the private sector which assisted in
12 the preparation of marketing plans perform their respective duties under the plans.

13 **SEC. 47. *Foreign and Domestic Promotions Offices.*** - In the implementation of its
14 mandate, the TPB shall establish foreign and domestic offices, which shall be responsible in
15 their respective areas for marketing and promotions, market research, and such other
16 functions delegated by the Board. Each office shall submit periodic reports to both the
17 Tourism Board and the Secretary on the performance of its functions.

18 **Subchapter III-B. Tourism Promotion and**
19 **Development Fund**

20 **SEC. 48. *Tourism Promotion and Development Trust.*** – The Tourism Promotion
21 and Development Trust shall hereby be established from the proceeds of the sale or lease
22 of the assets of the PTA. The Trust shall be managed by a government-owned bank or
23 financial institution selected by the Tourism Board. Said bank or institution shall report the
24 status and profitability of the trust on a quarterly basis to the Secretary and the Joint
25 Congressional Tourism Oversight Committee created under this Act.

26 **SEC. 49. *Tourism Promotion and Development Fund.*** - The proceeds of the
27 following shall be placed in a special Tourism Promotion and Development Fund to finance
28 the activities of the TPB:

- 29 a. The investment earnings from the Tourism Promotion and Development Trust;
30 b. The full amount of travel taxes less the statutory allocation for the National
31 Commission on Culture and the Arts and the Commission on Higher Education;
32 c. An appropriation from the national government of not less than five hundred million
33 pesos (PHP 500,000,000) annually for at least five (5) years from the time of its

1 constitution;

2 d. At least 50% of the net income of DFPC, in lieu of its statutory remittance to the
3 National Government under Republic Act No. 7656;

4 e. At least 25% of the net income of the PAGCOR, to be taken from the share of the
5 National Government under Republic Act No. 7656; and

6 f. At least 25% of the net income of international airports and seaports, to be taken
7 from the share of the National Government under Republic Act No. 7656.

8 In no case shall promotions and marketing activities receive less than fifty percent
9 (50%) of the annual utilization of the Fund. Not more than ten percent (10%) of the Fund
10 shall be used for all other administrative and operating expenses of the TPB. The
11 unallocated portion of the Fund shall be earmarked by the TPB as follows:

12 i. For use by the TEZA in the development of Tourism Enterprise Zones;

13 ii. For the Department, to enhance its programs for development planning,
14 heritage preservation, and infrastructure development, and manpower
15 training including but not limited to scholarships for trainings abroad, among
16 others; or

17 iii. For such other purposes as may contribute to the development of the
18 tourism industry.

19 The collection of travel taxes and portions of the net income of government
20 corporations and other enterprises provided under this section due the TPB shall be
21 remitted directly thereto on a quarterly basis.

22 **SEC. 50. *Special Contingency Fund.*** - At the beginning of each year, ten percent
23 (10%) of the allocation for promotions and marketing shall be set aside as a Special
24 Contingency Fund of the TPB. This shall be used in the event of emergencies to provide
25 the TPB with sufficient resources to undertake marketing and promotions activities that will
26 encourage sustained tourism interest in the Philippines and that will address the adverse
27 effects of these emergencies.

28 **CHAPTER IV. TOURISM ENTERPRISE ZONES**

29 **Subchapter IV-A. Tourism Enterprise Zones**

30 **SEC. 51. *Tourism Enterprise Zones.*** - Any geographic area with the following
31 characteristics may be designated as a Tourism Enterprise Zone:

32 a. The area is capable of being defined into one contiguous territory;

33 b. It has historical and cultural significance, environmental beauty, or existing or

- 1 potential integrated leisure facilities within its bounds or within reasonable distances
2 from it;
- 3 c. It has, or it may have, strategic access through transportation infrastructure, and
4 reasonable connection with utilities infrastructure systems;
- 5 d. It is sufficient in size, such that it may be further utilized for bringing in new
6 investments in tourism establishments and services; and
- 7 e. It is in a strategic location such as to catalyze the socio-economic development of
8 neighboring communities.

9 **SEC. 52. Designation.** - The designation of a Zone may be proposed to the TEZA
10 by the national government, city governments, provincial governments with the consent of
11 component municipalities, private initiative, or by joint venture between the public and
12 private sectors.

13 Zones shall not proliferate in a manner that diminishes their strategic economic and
14 developmental value to the national economy.

15 **SEC. 53. Development Planning.** - Each application for designation as a Zone shall
16 be accompanied by a Zone development plan which shall, consistent with principles of
17 economic, cultural and environmentally sustainable development, specifically identify:

- 18 a. Features which satisfy the requisites for the designation of a Zone enumerated under
19 Section 51 of this Chapter;
- 20 b. Areas for infrastructure development, for investment, and for preservation, as well as
21 the kind of development, nature of investment, or the sustainable activities allowed
22 within preserved areas, respectively;
- 23 c. Medium and long-term studies on market trends, and corresponding development
24 strategies for the Zone;
- 25 d. Studies on the economic impact of development within the Zone and in surrounding
26 communities;
- 27 e. Studies on the environmental, cultural and social carrying capacity of the Zone and
28 surrounding communities; and
- 29 f. Design plans for structures which incorporate design and sustainability principles
30 from local architecture and the surrounding environment.

31 No Zone shall be designated without a duly approved development plan by the TEZA
32 and without the approval, by resolution, of the local government unit concerned. Any
33 deviation or modification from the development plan shall require the prior authorization of

1 the TEZA. The TEZA may cause the suspension of granted incentives and withdrawal of
2 recognition as a Zone Operator. It may likewise impose reasonable fines and penalties
3 upon Zone Operators and responsible persons for any failure to properly implement the
4 approved development plan.

5 Lands identified as part of a Zone shall qualify for exemption from the coverage of
6 Republic Act No. 7279, otherwise known as the Urban Development and Housing Act of
7 1992, and Republic Act No. 6657, otherwise known as the Comprehensive Agrarian Reform
8 Law, subject to rules and regulations to be crafted by the TEZA, the Housing and Urban
9 Development Coordinating Council and the Department of Agrarian Reform.

10 **SEC. 54. Operation of the Zone.** - The Zone proponent shall establish a corporate
11 entity to administer the Zone and supervise activities within the Zone. The designation of a
12 Zone does not vest ownership of the resources therein upon the Zone Operator. Where the
13 Zone Operator possesses rights to land or other resources within the Zone, the Zone
14 Operator shall be entitled to exercise such rights as allowed by existing laws in a manner
15 consistent with the duly-approved development plan as provided above.

16 Where rights to land and other resources within the Zone are vested in a private third
17 party, the Zone Operator shall encourage the private third party to participate in
18 policymaking, planning and program development and implementation by encouraging its
19 registration as a tourism enterprise where appropriate, and through the judicious
20 administration of incentives and provision of services.

21 Except as herein provided, the local government units which comprise, overlap,
22 embrace or include a Zone in their territorial jurisdictions shall retain their basic autonomy
23 and identity in accordance with Republic Act No. 7160, otherwise known as the Local
24 Government Code of 1991.

25 The government shall encourage, facilitate and provide incentives for private sector
26 participation in the construction and operation of public utilities and infrastructure in and
27 around Zones using any of the schemes allowed under Republic Act No. 6957, otherwise
28 known as the Build-Operate-and-Transfer Law, as amended.

29 **Subchapter IV-B. Tourism Enterprise Zone Authority**

30 **SEC. 55. The Tourism Enterprise Zone Authority.** - Under the supervision of the
31 Secretary shall be a body corporate known as the Tourism Enterprise Zone Authority
32 (TEZA).

1 **SEC. 56. *Mandate.*** - The TEZA shall supervise and regulate the cultural, economic
2 and environmentally sustainable development of Zones toward the primary objective of
3 encouraging investments therein. It shall ensure strict compliance of the Zone operator with
4 the approved development plan. Pursuant thereto, the TEZA shall have the power to
5 impose penalties for failure or refusal of the tourism enterprises to comply with the approved
6 development plan. Moreover, such failure or refusal shall be considered a violation of the
7 terms of accreditation and shall cause the suspension or revocation of the same and the
8 imposition of the corresponding penalties therefor. Such power shall further be defined
9 under the implementing rules and regulations of this Act and the Rules of Procedure
10 provided for under Section 13 of this Act.

11 Tourism enterprises outside of Zones and without accreditation shall be governed by
12 pertinent laws, rules and regulations.

13 **SEC. 57. *Board of Directors.*** - The TEZA shall be governed and its powers
14 exercised by a Board of Directors ("TEZA Board"), composed of the following:

- 15 a. The Department Secretary, as Chairperson;
- 16 b. The Administrator of the TEZA, as Vice Chairperson;
- 17 c. *The Chief Operating Officer of the TPB;*
- 18 d. The Undersecretary for Tourism Development;
- 19 e. A representative from the Department of Environment and Natural Resources;
- 20 f. A representative from the Department of Labor and Employment;
- 21 g. A representative from the Department of Public Works and Highways;
- 22 h. A representative from the Department of the Interior and Local Government;
- 23 i. One representative each from the League of Cities of the Philippines and the League
24 of Provinces of the Philippines;
- 25 j. *The chairperson of the National Commission on Culture and the Arts;*
- 26 k. Six directors elected by the Tourism Congress as provided below.

27 **SEC. 58. *Administrator.*** - The TEZA Administrator must be a Filipino with at least a
28 bachelor's degree in business, law, tourism, public administration, urban planning, or other
29 relevant fields, and demonstrated expertise therein. He/she must have been engaged in a
30 managerial capacity for at least five (5) years prior to his/her appointment. He/she shall be
31 appointed by the President and shall have a term of office of five (5) years.

32 **SEC. 59. *Directors Elected by the Tourism Congress.*** – The Tourism Congress
33 shall elect directors to represent each of the following sectors:

- 1 a. Tourism estate managers;
- 2 b. Hotels, resorts and other accommodation establishments;
- 3 c. Air, sea and land tourism transport services;
- 4 d. Travel and tour services; and
- 5 e. One representative from other tourism enterprises.

6 These directors must be Filipinos engaged in management in the sectors they
7 represent for at least five (5) years, and have recognized expertise in their respective
8 sectors. These directors shall each serve a term of four (4) years.

9 **SEC. 60. Meetings of the Board.** - The TEZA Board shall meet at least once a
10 month at the principal office of the TEZA, unless the TEZA Board previously agreed in
11 writing to meet at another location.

12 **SEC. 61. General Powers and Functions of the TEZA Board.** - The TEZA Board
13 shall have the general powers of a corporation as provided under Batas Pambansa Blg. 68,
14 the Corporation Code of the Philippines. Furthermore, it shall also have the following
15 powers:

- 16 a. Adopt rules and regulations necessary for the implementation of the provisions of
17 this Chapter;
- 18 b. Enter into and carry out contracts of every class, kind and description which are
19 necessary or incidental to the realization of its purposes with any person, firm or
20 corporation, private or public, and with foreign government entities;
- 21 c. Contract loans, indebtedness and credit, and issue commercial papers and bonds, in
22 any local or convertible foreign currency from international financial institutions,
23 foreign government entities, and local or foreign private commercial banks or similar
24 institutions under such terms and conditions prescribed by law, rules and regulations;
- 25 d. Execute any deed of guarantee, mortgage, pledge, trust or assignment of any
26 property for the purpose of financing the programs and projects deemed vital for the
27 early attainment of its goals and objectives, subject to the provisions of Article VII,
28 Section 20, and Article XII, Section 2, paragraphs (4) and (5) of the Constitution;
- 29 e. In coordination with local government units and/or appropriate agencies concerned,
30 construct, own, lease, operate and maintain infrastructure facilities, and grant
31 franchises for and supervise the operation of public utilities within Zones;
- 32 f. Undertake or authorize the undertaking of reclamation projects;
- 33 g. Receive donations, grants, bequests and assistance of all kinds from local and

1 foreign governments and private sectors and utilize the same in furtherance of its
2 powers;

- 3 h. Exercise eminent domain and police power, including, but not limited to, the power to
4 recommend to the Department the removal of structures which may be considered
5 nuisances per se or which impede or impair the enjoyment of historical, cultural and
6 natural endowments;
- 7 i. Coordinate with the local government units and other government offices for the
8 provision of basic services, utilities and infrastructure required by Zones;
- 9 j. Review and approve proposals for the designation of Zones based on criteria
10 provided herein;
- 11 k. Approve, facilitate and assist in the organization of zone operators;
- 12 l. Supervise the operations of Zone Operators, review and enforce their development
13 plans, and establish and implement other policies, plans and programs for the
14 development and operation of Zones;
- 15 m. Register, monitor and regulate enterprises seeking to invest and operate within a
16 Zone, and approve and grant incentives to such registered enterprises as provided
17 under this Act;
- 18 n. Collect taxes, as provided under Section 73 below, and necessary fees to defray
19 administrative and operational expenses, and impose penalties and fines for
20 violations of duly promulgated rules and regulations; and
- 21 o. Exercise such other powers and functions as are necessary or incidental to the
22 implementation of this Act.

23 The TEZA shall be deemed a government infrastructure corporation under the
24 provisions of the Administrative Code of 1987 (Executive Order No. 292, Book IV, Chapter
25 13, Section 58).

26 **SEC. 62. Powers and Functions of the Administrator.** - The Administrator shall
27 implement the policies, plans and programs of the TEZA Board, and shall periodically report
28 thereto the status of their implementation. The TEZA Administrator shall also recommend to
29 the TEZA Board all acts necessary to properly supervise the operations of Zone Operators.
30 In addition, he/she shall have the following specific powers and responsibilities:

- 31 a. Subject to the approval of the TEZA Board, determine the structure, staffing pattern
32 and personnel complement of the TEZA, including the appointment of specific Zone
33 Overseers;

- b. Coordinate with the Philippine National Police for the proper maintenance of peace and order within Zones and for the designation of specific units trained and supervised by the Department to serve as tourism police;
- c. Ensure that all Zone Operators properly perform their functions and duties in accordance with this Act, the TEZA implementing rules and regulations, and all other relevant laws, orders, decrees and executive issuances;
- d. Receive all protests, complaints, and claims concerning Zone Operators, and make recommendations to the TEZA Board for appropriate action;
- e. Make recommendations to the Department and take necessary actions for the enforcement of all legal easements along seashores, lakeshores, and riverbanks and other historical, cultural and natural endowments, among others, to allow free and open access thereto and aid in the proper development of the national patrimony;
- f. Take such emergency measures as may be necessary to avoid or mitigate the impact of fires, floods, storms and other calamities or disasters, natural or otherwise, upon persons or properties within Zones and adjoining communities;
- g. Coordinate with the TPB for the promotion of tourism and the encouragement of investment in Zones; and
- h. Exercise such other powers and functions as are necessary or incidental to the implementation of this Act.

SEC. 63. Capitalization. - From the collection of travel taxes, the national government shall appropriate the sum of two hundred fifty million pesos (PHP 250,000,000) for the capitalization of the TEZA.

SEC. 64. Registration. - Business enterprises within a Zone must be registered with the TEZA to avail of the incentives and benefits provided for in this Act.

SEC. 65. One-stop Shop Processing. - The TEZA shall establish offices where prospective Zone investors can register to obtain the incentives and benefits under this Act and all necessary permits and licenses from all national and local government offices. All government agencies shall coordinate with the TEZA for the issuance of such permits and licenses.

SEC. 66. Investigation and Inquiries. - Upon a written formal complaint made under oath, which on its face provides reasonable basis to believe that some anomaly or irregularity might have been committed within the Zone, the TEZA Administrator shall have the power to inquire into and investigate the conduct of Zone Operators, registered

1 enterprises, and/or their employees. For that purpose, he/she may subpoena witnesses,
2 administer oaths, and compel the production of books, papers, and other evidence. The
3 Administrator shall thereafter make a recommendation to the TEZA Board for appropriate
4 action. In these cases, the Rules of Procedure as provided for under Section 13 of this Act
5 shall likewise apply.

6 **Subchapter IV-C. Zone Administration**

7 **SEC. 67. Administration of Zones.** - Each Zone shall be administered and
8 supervised by a Zone Operator. A Zone Operator shall be an entity duly incorporated under
9 general Philippine law, whose capital may be provided by the national government, one or
10 more city and/or provincial governments, and/or private entities.

11 **SEC. 68. Articles of Incorporation and By-laws of Zone Operators.** - Except as
12 provided herein and as may be provided by rules and regulations duly promulgated by the
13 TEZA, each Zone Operator may draft its articles of incorporation and by-laws in accordance
14 with the Corporation Code.

15 **SEC. 69. Boards of Directors and Consultative Bodies of Zone Operators.** - The
16 seats of the Board of Directors of a Zone Operator shall be allocated pro-rata according to
17 the respective capital contributions of the Zone Operator's shareholders.

18 Zone Operators are encouraged to reserve seats on their Boards of Directors for
19 special interest groups relevant to their Zones, such as those representing environmental,
20 religious, cultural, Zone investors', Zone residents', and other interests. In any case, Zone
21 Operators shall form consultative bodies for such special interest groups to assist them in
22 the formulation and implementation of policies, plans and projects.

23 **SEC. 70. Zone Administration.** - The Board of Directors of each Zone Operator shall
24 appoint its Zone Administrator. The Zone Administrator shall be responsible for
25 implementing the policies, plans and projects of the Zone Operator Board of Directors. The
26 TEZA shall provide guidelines on the necessary educational and practical qualifications
27 required of a Zone Administrator. In addition to such qualifications, all Zone Administrators
28 must undergo and pass a training program of the Department to provide Zone
29 Administrators with knowledge and skills relevant to the operation of the Zone.

30 **SEC. 71. Civil Dispute Resolution.** - The TEZA shall establish a civil dispute
31 mediation office to effectively and efficiently resolve civil disputes concerning tourism
32 enterprises and/or tourism-related issues within the Zone where at least one (1) of the
33 parties to the dispute was residing in the Zone at the time the dispute arose, and is still

1 residing within the Zone at the time the complaint is filed with the mediation office. No civil
2 dispute may be filed in court without having undergone mediation proceedings as provided
3 under this section except in extraordinary cases where a party may suffer irreparable
4 damage. This provision is without prejudice to the application of the rules pertaining to
5 Katarungang Pambarangay with respect to other matters.

6 **Subchapter IV-D. Incentives for Zone Operators and Locators**

7 **SEC. 72. Grant and Administration of Incentives.** - Recognizing the strategic
8 economic importance of tourism, and the necessity that investments within Zones be
9 properly coordinated with environmental, cultural and developmental imperatives, and
10 fundamental differences between the export manufacturing and tourism industries, the
11 TEZA shall have sole and exclusive jurisdiction to grant the incentives hereinafter provided.

12 In the formulation of rules and regulations defining and implementing the incentives
13 hereinafter provided, and without derogating from the incentives granted herein, the TEZA
14 may coordinate with the Board of Investments and other government agencies or entities
15 responsible for the grant and administration of incentives to assist in the development of a
16 rationalized national investment incentive policy. In the grant of incentives, it shall give
17 equal preference to large investments and those with great potential for employment
18 generation and those of local small and medium enterprises. The amount of required
19 investments shall be defined in the implementing rules and regulations of this Act.

20 The TEZA shall further coordinate with the Bureau of Customs and the Bureau of
21 Internal Revenue in the preparation and enforcement of rules and regulations to prevent the
22 abuse of these incentives.

23 The jurisdiction of the TEZA in the grant and administration of incentives shall not
24 impliedly repealed or modified.

25 **SEC. 73. Fiscal Incentives Available to Zone Operators and Registered**
26 **Enterprises.** - The following incentives may, in the discretion of the TEZA Board, be granted
27 to registered tourism enterprises within Zones:

- 28 a. Income Tax Holiday. New enterprises in Greenfield and Brownfield Tourism Zones
29 shall, from the start of business operations, be exempt from tax on income for a
30 period of six (6) years. This income tax holiday may be extended if the enterprise
31 undertakes a substantial expansion or upgrade of its facilities prior to the expiration
32 of the first six years. This extension shall consider the cost of such expansion or
33 upgrade in relation to the original investment, but shall in no case exceed an

1 additional six (6) years.

2 An existing enterprise in a Brownfield Tourism Zone shall be entitled to avail of a
3 non-extendible income tax holiday if it undertakes an extensive expansion or
4 upgrade of facilities. Such an income tax holiday shall consider the cost of such
5 expansion or upgrade in relation to the original investment, but shall in no case
6 exceed six (6) years to be counted from the time of completion of the expansion or
7 upgrade.

8 b. Gross Income Taxation. In lieu of all other national and local taxes, license fees,
9 imposts and assessments, except real estate taxes and such fees as may be
10 imposed by the TEZA, a new enterprise shall pay a tax of five percent (5%) on its
11 gross income earned, which shall be distributed as follows:

- 12 1) One-third to be proportionally allocated among affected local government;
- 13 2) One-third to the national government; and
- 14 3) One-third to the TEZA for the funding of its operations and its programs in the
15 Zones, which shall include the protection, maintenance and enrichment of the
16 environment, tangible cultural and historical heritage, and the intangible cultural
17 heritage of communities within and surrounding the Zones.

18 Gross income as used herein is defined under Republic Act No. 8424 (The National
19 Internal Revenue Code), Section 27(A) and further defined under relevant rules and
20 regulations.

21 c. Capital Investment and Equipment. Subject to rules and regulations which properly
22 define capital investments and equipment necessary for various kinds of tourism
23 enterprises, registered enterprises shall be entitled to an exemption of one hundred
24 percent (100%) of all taxes and customs duties on importations of capital equipment.

25 d. Goods and Services. Subject to rules and regulations which properly define goods
26 and services necessary for various kinds of tourism enterprises, registered
27 enterprises shall be entitled to the following:

- 28 1) Importation of goods actually consumed in the course of services actually
29 rendered by or through registered enterprises within a Zone shall enjoy one
30 hundred percent (100%) exemption from all taxes and customs duties; *Provided*
31 *however*, That no goods shall be imported for the purpose of operating a
32 wholesale or retail establishment in competition with (DFPC).
- 33 2) A tax credit equivalent to all national internal revenue taxes paid on all locally-

1 sourced goods and services directly or indirectly used by the registered
2 enterprise for services actually rendered within the Zone.

- 3 e. Social Responsibility Incentive. A registered enterprise shall be entitled to a tax
4 deduction equivalent to a reasonable percentage, not exceeding fifty percent (50%),
5 of the cost of environmental protection or cultural heritage preservation activities,
6 sustainable livelihood programs for local communities, and other similar activities.

7 **SEC. 74. Non-fiscal Incentives Available to Zone Operators and Locators.** - The
8 following incentives may, in the discretion of the TEZA Board, be granted to registered
9 tourism enterprises within Zones:

- 10 a. Employment of foreign nationals. A registered enterprise may employ foreign
11 nationals in executive, supervisory, technical or advisory positions for such
12 reasonable periods and under such terms as may be provided by the TEZA Board,
13 with due regard for the proper protection and representation of foreign investments in
14 registered enterprises, and the need to ensure easy travel into and out of the
15 Philippines by such nationals and their immediate families.

- 16 b. Special Investor's Resident Visa. Under such terms as may be provided by the TEZA
17 Board, a foreign national who shall have made an investment with a value of at least
18 two hundred thousand US dollars (US\$ 200,000) in a registered enterprise shall be
19 entitled to a Special Investor's Resident Visa. With such Visa, the foreign national
20 shall be entitled to reside in the Philippines while his/her investment subsists.

- 21 c. Foreign Currency Transactions. Subject to the provisions of Section 72 of Republic
22 Act No. 7653 otherwise known as the New Central Bank Act, as amended:

23 1) Repatriation of Investments. In the case of foreign investments, the right to
24 repatriate the entire proceeds of the liquidation of the investment in the currency
25 in which the investment was originally made and at the exchange rate prevailing
26 at the time of repatriation.

27 2) Remittance of Foreign Exchange. The right to remit earnings from a foreign
28 investment in the currency in which the investment was originally made and at
29 the exchange rate prevailing at the time of remittance.

30 3) Foreign Loans and Contracts. The right to remit at the exchange rate prevailing
31 at the time of remittance such sums as may be necessary to meet the payments
32 of interest and principal on foreign loans and foreign obligations arising from
33 technological assistance contracts.

1 d. Requisition of Investment. There shall be no requisition of the property of
2 enterprises or represented by investment, except in the event of war or national
3 emergency, and only for the duration thereof. In any case, the affected person shall
4 be entitled to just compensation, and shall have the right to repatriate such
5 compensation as provided in paragraph c above.

6 e. Lease and Ownership of Land. Without prejudice to existing laws regulating the
7 ownership of land by individuals and corporations, and consistent with the provisions
8 of Republic Act No. 7652, otherwise known as the Investor's Lease Act, lands and
9 buildings in each Zone may be leased to foreign investors for a period not exceeding
10 fifty (50) years, renewable once for a period of not more than twenty-five (25) years.
11 The leasehold right acquired under long-term contracts may be sold, transferred or
12 assigned, subject to the conditions set forth under the Investor's Lease Act.

13 **CHAPTER V. INCREASED TOURIST ACCESS**

14 **SEC. 75. *International and Domestic Tourist Travel.*** - The Department, through the
15 development of an inter-modal international and domestic land, sea, and air access system,
16 in coordination with relevant government agencies, shall increase and improve the
17 accessibility of the Philippines to domestic and foreign tourists. Realizing the critical
18 importance of a liberalized civil aviation environment in the development of the country's
19 international and domestic tourism sector:

- 20 a. The Secretary shall be the *ex officio* Chairperson of the Civil Aviation Board;
- 21 b. The Secretary shall be the *ex officio* Chairperson of the Manila International Airport
22 Authority and the governing boards of other international airports;
- 23 c. The Secretary shall be authorized to appoint a representative to the board of
24 directors of each international seaport of the Philippines; and
- 25 d. To enhance the standards of transportation services for tourist use, the Department
26 and the relevant government agency shall develop an integrated, one-stop shop
27 system for the speedy issuance of franchises and accreditation for tourism transport
28 operators.

29 **SEC. 76. *Visas.*** - The Department and the Departments of Justice and of Foreign
30 Affairs shall develop a system of visas that encourages the arrival and longer stay of tourists
31 in the Philippines.

32 **CHAPTER VI. CREATING A CULTURE OF TOURISM**

33 **SEC. 77. *Tourism Coordinating Council.*** - A council shall be formed consisting of

1 the Secretary, as Chairperson; representatives from each of the sectors in the Tourism
2 Congress; the heads of other agencies attached to the Department; the Secretaries of the
3 Departments of Transportation and Communication, Public Works and Highways, Foreign
4 Affairs, Environment and Natural Resources, Education, Interior and Local Government,
5 and Labor and Employment; and the heads of the Philippine National Police, Bureau of
6 Immigration, National Historical Institute, National Commission on Culture and the Arts,
7 Philippine Amusements and Gaming Corporation, the Leagues of Local Governments, and
8 such other government agencies that the President may designate, that shall serve as a
9 coordinating body for national tourism development efforts.

10 The Council shall prepare 5-year strategic plans to develop and enhance a culture of
11 tourism. It shall also approve an annual infrastructure development plan that shall promote
12 access to and from airports and seaports, and Zones and other tourism destinations which
13 shall be accorded priority by the relevant infrastructure agencies of the national government.

14 **SEC. 78. Education.** - The Department shall work closely with the Department of
15 Education for the development of educational programs for the primary and secondary
16 levels that assist in the creation of a culture of tourism, specifically through the
17 enhancement of education in languages, history and culture.

18 The Department shall also work closely with the Commission for Higher Education in
19 the regulation of colleges and universities that grant undergraduate and postgraduate
20 degrees in tourism.

21 The Technology and Skills Manpower Development Administration is hereby
22 mandated to develop, in conjunction with the Department, programs for the training of
23 tourism entrepreneurs, with focus on the youth, by providing programs for languages,
24 history and cultural appreciation, and small business management.

25 **SEC. 79. Peace and Order.** -- The Philippine National Police shall establish a
26 Tourism Security Force to assist in maintaining peace and order within areas of high tourism
27 traffic. The Department shall ensure the training of members of the Force in cultural
28 sensitivity, languages and relevant laws.

29 **SEC. 80. Funding Grassroots Tourism Enterprises.** - Insofar as allowed by
30 applicable laws and their respective charters, government-owned and controlled banks and
31 financial institutions shall provide microfinance schemes for the assistance and
32 development of small- and medium-scale enterprises in the tourism industry.

33 **SEC. 81. Congressional Oversight.** - An oversight committee consisting of five

1 members each from both Houses of Congress shall constitute a Joint Congressional
2 Oversight Committee responsible for overseeing the implementation of this Act. The
3 Oversight Committee shall be composed of representatives from each House from their
4 respective Committees on Tourism; Government Corporations and Public Enterprises;
5 Environment; Education, Arts and Culture; and Local Governments.

6 The Secretary shall report to the Oversight Committee on a monthly basis the latest
7 statistics on tourist arrivals and other relevant data. He/she shall also report on a quarterly
8 basis the status of implementation of this Act.

9 **SEC. 82. *The Tourism Congress.*** - Within two (2) years from the effectivity of this
10 Act, the Secretary shall convene a Tourism Congress of representatives of all accredited
11 tourism enterprises and former government officials involved in the tourism industry to serve
12 as the private sector consultative body to assist the government in the development,
13 implementation and coordination of Philippine tourism policy.

14 Under a constitution adopted and ratified by the Congress, it shall elect its officers
15 and establish a secretariat, both for the Congress as a whole and for component sectors. It
16 shall also elect such representatives as required under this Act.

17 **CHAPTER VII. MISCELLANEOUS PROVISIONS**

18 **SEC. 83. *Personnel and Compensation.*** - The employees and management of the
19 TEZA, the TPB and DFPC shall be exempt from the coverage of the Salary Standardization
20 Law.

21 Subject to existing constitutional and legal prohibitions on double compensation for
22 Board members in an *ex-officio* capacity, the members of the TEZA Board, Tourism Board
23 and DFPC Board shall not be entitled to compensation but may receive reasonable per
24 diems for attendance at regular and special Board meetings.

25 **SEC. 84. *Reportorial Requirements.*** - All attached agencies of the Department shall
26 submit a quarterly report to the Secretary and to the Joint Congressional Oversight
27 Committee on Tourism on the implementation of their respective programs.

28 **SEC. 85. *Budgetary Approval.*** - All attached agencies of the Department shall
29 submit their annual budgets to the Secretary for his/her approval, and shall furnish copies of
30 the same to the Joint Congressional Oversight Committee on Tourism.

31 The budgets of the TEZA, the TPB and DFPC reported to the Joint Congressional
32 Oversight Committee must contain detailed information on the compensation and benefits
33 received by their employees.

1 **SEC. 86. Other Incentives. -**

2 a. Tourism enterprises not located within Zones shall, upon approval by the
3 Department, be entitled to avail of any economic incentives found under existing
4 laws, such as the Omnibus Investments Code, Foreign Investments Act, Special
5 Economic Zone Act of 1995, and the Bases Conversion and Development Act,
6 among others.

7 Importation of transportation and the accompanying spare parts of new and
8 expanding tourism-registered enterprises shall be exempt from customs duties and
9 national taxes: *Provided*, That they are not manufactured domestically in sufficient
10 quantity, of comparable quality and at reasonable prices, and that they are
11 reasonably needed and will be used exclusively by an accredited tourism enterprise.

12 Subject to rules and regulations jointly promulgated by the Department and the
13 relevant government agency, such as the Board of Investments or the Philippine
14 Economic Zone Authority, an existing accommodation establishment not located
15 within a Zone shall be entitled to claim an income tax holiday for up to six (6) years
16 for any significant expansion, renovations or upgrades in its facilities in relation to the
17 amount of the original investment. They shall also be entitled to import capital
18 equipment free of taxes and duties when necessary for such expansion, renovation
19 or upgrades.

20 b. The Department and the Department of Trade and Industry shall promulgate rules
21 and regulations to govern the relationship between Zones created under this Act,
22 and economic zones created under Republic Act No. 7227, as amended, otherwise
23 known as the Bases Conversion and Development Act of 1992 and/or Republic Act
24 No. 7916, as amended, otherwise known as the Special Economic Zone Act of 1995,
25 where an area comprising a Zone overlaps, falls within or encompasses that of an
26 economic zone; *Provided*, That such rules and regulations shall consider the special
27 nature and requirements of tourism in relation to other industries, establishments and
28 operations in economic zones.

29 c. The investment incentives offered under this Act shall be without prejudice to availing
30 other incentives provided under other laws, decrees, and presidential issuances.
31 However, where such other laws, decrees or presidential issuances provide for
32 similar or identical benefits, the beneficiary may only elect to avail of the benefit
33 provided under one particular law, decree or presidential issuance.

- 1 d. Local governments are likewise encouraged to provide incentives for tourism
2 enterprises through, among others, suspension or reduction in applicable real estate
3 taxes and waivers of fees and charges, among others. Should a local government
4 grant such incentives, it shall report the same to the Department and the TPB to
5 assist in the marketing and promotions of investment in that local government.
- 6 e. The grant of fiscal and other incentives to enterprises not located within Zones shall
7 be governed by the following provisions:
- 8 1) Tourism enterprises may avail of incentives provided under Executive Order
9 No. 226 (1987), known as the Omnibus Investments Code, provided that:
 - 10 1.1) Tourism activities shall always be included in the Investment Priorities
11 Plan;
 - 12 1.2) Rules and regulations concerning the grant of incentives to tourism
13 enterprises shall be jointly formulated by the Board of Investments and
14 the Department;
 - 15 1.3) The income tax holiday provided under section 39.1 of the Omnibus
16 Investments Code shall also apply to existing accommodation
17 enterprises undergoing substantial expansions, renovations or
18 upgrades of facilities; and
 - 19 1.4) Accredited tourism enterprises shall be entitled to import transportation
20 and accompanying spare parts free of taxes and duties, provided that
21 such transportation shall be exclusively used by the enterprise in its
22 operations, and provided further that such are not manufactured
23 domestically in sufficient quantity, comparable quality and prices.
 - 24 2) Tourism enterprises located in special economic zones created under
25 Republic Act No. 7916 or by special charter shall continue to be governed by
26 the same.
- 27 f. The incentives offered under this Act shall be without prejudice to the availment of
28 other incentives provided under other laws, such as, but not limited to, those
29 concerning infrastructure, or micro-, small- and medium enterprises. However,
30 where such laws provide for similar benefits as those contained herein, the
31 beneficiary may elect to avail of the benefit provided only under one particular law,
32 decree or issuance.

33 **SEC. 87. Implementing Rules and Regulations.** - Except as otherwise provided,

1 the Secretary shall have the power to issue rules and regulations to implement this Act.

2 **SEC. 88. Repealing Clause.** - The provisions of Executive Orders No. 292 (The
3 Administrative Code of 1987, as amended), Presidential Decree No. 189, as amended
4 (Creating the Philippine Tourism Authority), Presidential Decree No. 1448, as amended
5 (Creating the Philippine Convention and Visitors Corporation), the Local Government Code
6 (Republic Act No. 7160), Presidential Decree No. 1616 (Creating the Intramuros
7 Administration), and all other laws, presidential decrees, executive orders, proclamations
8 and administrative regulations inconsistent with the provisions of this Act are hereby
9 amended, modified, superseded or repealed accordingly.

10 **SEC. 89. Separability Clause.** - In the event that any provision of this Act or parts
11 thereof be declared unconstitutional, such declaration shall not affect the validity of the other
12 provisions.

13 **SEC. 90. Effectivity Clause.** - This Act shall take effect one month after the
14 completion of its publication in a newspaper of general circulation

15 Approved,