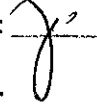


SIXTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
Second Regular Session)



15 MAY 13 P2:29

SENATE
S.B. No. 2764

RECEIVED BY: 

Introduced by: Senator Paolo Benigno "Bam" A. Aquino IV

**AN ACT AMENDING REPUBLIC ACT NO. 7227, as amended by REPUBLIC ACT NO. 9400,
OTHERWISE KNOWN AS THE BASES CONVERSION AND DEVELOPMENT ACT OF 1992**

EXPLANATORY NOTE

With the country experiencing sustained economic growth, we are flooded with opportunities for development in different industries and across a number of geographical areas in the country.

Subic Bay in Central Luzon is one such region with immense potential for foreign investment and overall economic development. This economic development in the Subic Bay Freeport Zone (SBFZ) translates to job opportunities and business opportunities for our countrymen.

With this in mind, the Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, was passed to assign Subic Bay Metropolitan Authority (SBMA) the responsibility to build a prosperous and self-sustaining Freeport in Subic Bay.

SBMA is tasked to promote both economic and social development in Subic Bay, creating a model for economic success and inclusive growth in the region and in the Philippines.

We are now in a position to clarify provisions of the decade-old legislation and apply revisions based on what we have learned in the past years, improving the policy and making SBMA a more effective and impactful governing body.

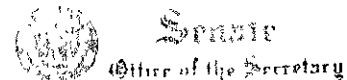
The Subic Bay Metropolitan Authority (SBMA) Reform Bill seeks to update the powers and responsibilities of SBMA in the hope that SBFZ can reach its full potential – attracting more foreign direct investments, supporting growth of local business, providing jobs, livelihood, and a wealth of opportunities for more Filipinos in Central Luzon and in the country as well.

Grow, Subic, grow!

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



Senator Paolo Benigno "Bam" A. Aquino IV

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

1 **SECTION 1.** Section 12 (c) of the Republic Act No. 7227, as amended, is hereby further
2 amended as follows:

3 "SECTION 12. *Subic Special Economic Zone.* - xxxx xxxx xxxx

4 (c) The provision of existing laws, rules and regulations to the contrary notwithstanding,
5 no national and local taxes shall be imposed within the Subic Special Economic Zone. In lieu of
6 [said] **ALL OTHER NATIONAL AND LOCAL** taxes, a five percent (5%) tax on gross income earned
7 shall be paid by all business enterprises within the Subic Special Economic Zone and shall be
8 remitted as follows: [three percent (3%)] **TWO PERCENT (2%)** to the National Government,
9 [and] **ONE PERCENT (1%)** to the Subic Bay Metropolitan Authority (SBMA) **AND TWO**
10 **PERCENT (2%)** for distribution to the local government units affected by the declaration of and
11 contiguous to the zone, namely: the City of Olongapo and the municipalities of Subic, San
12 Antonio, San Marcelino and Castillejos of the Province of Zambales; and the municipalities of
13 Morong, Hermosa and Dinalupihan of the Province of Bataan, on the basis of population (50%),
14 land area (25%), and equal sharing (25%).

15 xxxx xxxx xxxx"

16 **SECTION 2.** Sections 13 (b) (3) (10) (11), (c) (3) (4) and (f) of Republic Act No. 7227, as
17 amended, is hereby amended to *read* as follows: (17)

18 " SEC. 13. *Subic Bay Metropolitan Authority.* – xxxx xxxx xxxx

19 (b) Powers and Functions of the Subic Bay Metropolitan Authority – The Subic Bay
20 Metropolitan Authority, otherwise known as the Subic Authority, **HAVING AUTHORITY AND**
21 **JURISDICTION OVER ALL BUSINESS AND ECONOMIC ACTIVITIES WITHIN THE SBF, EXCEPT AS**
22 **OTHERWISE HEREIN PROVIDED**, shall have the following powers and function:

23 xxxx xxxx xxxx

1 (3) To undertake and regulate the establishment, operation and maintenance of
2 [utilities] **TELECOMMUNICATIONS**, other services and infrastructure in the Subic Special
3 Economic Zone including shipping and **MARITIME** related businesses, stevedoring
4 and port terminal services or concessions, incidental thereto and airport operations in
5 coordination with the Civil Aeronautics Board, and to fix **AND IMPOSE** just and
6 reasonable rates, fares charges and other prices therefor;

7 xxxx xxxx xxxx

8 (10) xxxx xxxx xxxx xxxx xxxx xxxx; [and]

9 **(11) TO RECLAIM LANDS IN THE SUBIC SPECIAL ECONOMIC AND FREEPORT ZONE, NOT**
10 **LIMITED TO FORESHORE AND SUBMERGED AREAS, BY DREDGING, FILLING OR OTHER**
11 **MEANS, AND TO ACQUIRE, DEVELOP, IMPROVE, ADMINISTER, DEAL – IN, SUBDIVIDE**
12 **AND LEASE RECLAIMED LANDS INSIDE THE ZONE; TO PROVIDE FOR, OPERATE OR**
13 **ADMINISTER SUCH SERVICES AS MAY BE NECESSARY FOR THE EFFICIENT,**
14 **ECONOMICAL AND BENEFICIAL UTILIZATION OF THE RECLAIMED AREAS IN THE ZONE;**

15 **(12) To exercise such powers as may be essential, necessary or incidental to the powers**
16 **granted to it hereunder as well as to carry out the policies and objectives of this Act.**

17
18 (c) *Board of Directors* – The powers of the Subic Authority shall be vested in [the
19 exercised] **AND** exercised by a Board of Directors, hereinafter referred to as the Board, which
20 shall be composed of fifteen (15) members, to wit:

21 xxxx xxxx xxxx

22 (3) Five (5) representatives from the private sector coming from [the present naval
23 stations, public works center, ship repair facility, naval supply depot and naval air
24 stations] **TOURISM, MANUFACTURING AND PRODUCTION, MARITIME AND AVIATION,**
25 **TRADE AND INDUSTRY, AND LOGISTICS SECTORS; and**

26 (4) The remaining balance to complete the Board shall be composed [to] **OF**
27 **representatives from the business and investment sectors, WITH ONE (1)**
28 **REPRESENTATIVE FROM THE MUNICIPALITY OF DINALUPIHAN, PROVINCE OF BATAAN.**

29 xxxx xxxx xxxx

30 **(f) OTHER OFFICERS AND EMPLOYEES. – ALL POSITIONS IN THE SUBIC AUTHORITY**
31 **SHALL BE GOVERNED BY THE COMPENSATION, POSITION CLASSIFICATION SYSTEM**
32 **AND QUALIFICATION STANDARDS APPROVED BY ITS BOARD OF DIRECTORS BASED ON**
33 **A COMPREHENSIVE JOB ANALYSIS OF ACTUAL DUTIES AND RESPONSIBILITIES AT PAR**
34 **WITH THAT OF THE BASES CONVERSION AND DEVELOPMENT AUTHORITY (BCDA) OR**
35 **THE CONVERSION AUTHORITY. THE COMPENSATION PLAN SHALL BE COMPARABLE**
36 **WITH THE PREVAILING COMPENSATION PLANS IN THE PRIVATE SECTOR AND SHALL BE**
37 **SUBJECT TO PERIODIC REVIEW BY THE BOARD OF DIRECTORS OF THE SUBIC**
38 **AUTHORITY ONCE EVERY TWO (2) YEARS, WITHOUT PREJUDICE TO YEARLY MERIT OR**
39 **INCREASES BASED ON THE SUBIC AUTHORITY’S PRODUCTIVITY AND PROFITABILITY.**
40 **THE SUBIC AUTHORITY SHALL, THEREFORE, BE EXEMPT FROM EXISTING LAWS, RULES**
41 **AND REGULATIONS ON COMPENSATION, POSITION CLASSIFICATIONS AND**
42 **QUALIFICATION STANDARDS. HOWEVER, THE SUBIC AUTHORITY SHALL ENDEAVOR TO**
43 **MAKE ITS SYSTEM CONFORM AS CLOSELY AS POSSIBLE WITH THE PRINCIPLES UNDER**

1 **REPUBLIC ACT NO. 6748 OR THE COMPENSATION AND POSITION CLASSIFICATION ACT**
2 **OF 1999 OTHERWISE KNOWN AS THE SALARY STANDARDIZATION LAW, AS**
3 **AMENDED.”**

4 **SECTION 3. *Implementing Rules and Regulations.*** – The DOF, in coordination with PEZA,
5 the Bureau of Internal Revenue (BIR) and the Bureau of Customs (BOC), and in consultation
6 with the Bases Conversion Development Authority (BCDA), shall promulgate and publish the
7 necessary rules and regulations for the effective implementation of this Act within thirty (30)
8 days from the date of effectivity of this Act.

9 **SECTION 4. *Separability Clause.*** – If any provision of this Act shall be held
10 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full force
11 and effect.

12 **SECTION 5. *Repealing Clause.*** – All laws, decrees, orders, proclamations, rules and
13 regulations or other issuances or parts thereof inconsistent with the provisions of this Act are
14 hereby repealed or modified accordingly.

15 **SECTION 6. *Effectivity.*** – This Act shall take effect fifteen (15) days after its publication
16 in the Official Gazette or in any two newspapers for general circulation.

17 Approved;