

SENATE

'19 JUL -8 P2:57

S. No. 283

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Introduced by SENATOR MANUEL "LITO" M. LAPID

**AN ACT**  
**REVITALIZING THE BASES CONVERSION DEVELOPMENT, AMENDING**  
**FOR THE PURPOSE REPUBLIC ACT NO. 7227, OTHERWISE KNOWN AS**  
**THE "BASES CONVERSION AND DEVELOPMENT ACT OF 1992", AS**  
**AMENDED**


EXPLANATORY NOTE

Republic Act No. 7227, otherwise known as the Bases Conversion and Development Act of 1992, was signed into law by former President Corazon Aquino on March 13, 1992. Said law created the Bases Conversion and Development Authority (BCDA), with a general mandate to administer the conversion of the military base lands in Metro Manila and other military reservations covered by the 1947 RP-US Military Bases Agreement, among others, with the goal of accelerating the economic and social development particularly of Central Luzon and of the whole country in general.

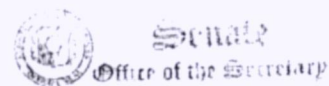
Several improvements on the BCDA Charter were introduced and enacted through RA 7917 in 1995 and RA 9400 in 2007.

This proposed measure further amends Republic Act No. 7227, as amended, in order to effectively promote the Clark Special Economic Zone (CSEZ) and entice more and more investors to put up their businesses in CSEZ.

Immediate passage of this measure is earnestly requested.



**MANUEL "LITO" M. LAPID**  
*Senator*



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**REVITALIZING THE BASES CONVERSION DEVELOPMENT, AMENDING  
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AMENDED**

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

Section. 1. Section 15 of Republic Act No. 7227, as amended, is hereby amended  
to read as follows:

"SEC. 15. *Clark Special Economic Zone (CSEZ) [and Clark Freeport  
Zone (CFZ)]*. Subject to the concurrence by resolution of the local  
government units directly affected, the President is hereby authorized to  
create by executive proclamation a Special Economic Zone covering the  
lands occupied by the Clark military reservations and its contiguous  
extensions as embraced, covered and defined by the 1947 Military Bases  
Agreement between the Philippines and the United States of America, as  
amended, located within the territorial jurisdiction of Angeles City,  
municipalities of Mabalacat and Porac, Province of Pampanga, and the  
municipalities of Capas and Bamban, Province of Tarlac, in accordance with

1 the provision as herein provided insofar as applied to the Clark military  
2 reservations. [The Clark Air Base proper with an area of not more than four  
3 thousand four hundred hectares (4,400 has.), with the exception of the  
4 twenty-two-hectare commercial area situated near the main gate and the  
5 Bayanihan Park consisting of seven and a half hectares (7.5 has.) located  
6 outside the main gate of the Clark Special Economic Zone, is hereby  
7 declared a Freeport zone]. **THE CSEZ WITH AN AREA OF**  
8 **APPROXIMATELY THIRTY-FIVE THOUSAND FOUR HUNDRED**  
9 **HECTARES (35,400 HAS.), ARE HEREBY DECLARED A SPECIAL**  
10 **ECONOMIC ZONE UNDER THIS ACT.**

11  
12 "The [CFZ] **CSEZ** shall be operated and managed as a separate customs  
13 territory ensuring free flow or movement of goods and capital equipment  
14 within, into and exported out of the [CFZ] **CSEZ**, as well as provide  
15 incentives such as tax and duty-free importation of raw materials and  
16 capital equipment. However, exportation or removal of goods from the  
17 territory of the [CFZ] **CSEZ** to the other parts of the Philippine territory  
18 shall be subject to customs duties and taxes under the Tariff and Customs  
19 Code of the Philippines, as amended, the National Internal Revenue Code of  
20 1997, as amended, and other relevant tax laws of the Philippines.

21  
22 "The provisions of existing laws, rules and regulations to the contrary  
23 notwithstanding, no national and local taxes shall be imposed on registered  
24 business enterprises within the [CFZ] **CSEZ**. In lieu of said taxes, a five  
25 percent (5%) tax on gross income earned shall be paid by all registered  
26 business enterprises within the [CFZ] **CSEZ** and shall be directly remitted  
27 as follows: three percent (3%) to the National Government, and two  
28 percent (2%) to the treasurer's office of the municipality or city where they  
29 are located.

30  
31 "The governing body of the Clark Special Economic Zone **IS BCDA**  
32 **AND ITS IMPLEMENTING ARM IS CLARK DEVELOPMENT**



1       **CORPORATION (CDC) [shall likewise be] AS** established by [Executive  
2       proclamation with such powers and functions exercised by the Export  
3       Processing Zone Authority pursuant to Presidential Decree No. 66, as  
4       amended] **PRESIDENTIAL PROCLAMATION NO. 163 SERIES OF**  
5       **1993 AND EXECUTIVE ORDER NO. 80, SERIES OF 1993:**  
6       ***PROVIDED, THAT, BCDA SHALL ENJOY THE POWERS AND***  
7       ***FUNCTIONS OF SBMA UNDER SECTION 13(B) HEREIN, EXCEPT***  
8       ***THOSE PERTAINING TO THE GRANT OF GAMING LICENSES,***  
9       ***WHICH SHALL CONTINUE TO BE EXERCISED BY THE PAGCOR:***  
10      *Provided FURTHER, That, THEY [it shall] have no regulatory authority*  
11      *over public utilities, which authority pertains to the regulatory agencies*  
12      *created by law for the purpose, such as the Energy Regulatory*  
13      *Commission created under Republic Act No. 9136 and the National*  
14      *Telecommunications Commission created under Republic Act No. 7925.*

15               "x x x

16              "Subject to the concurrence by resolution of the local government  
17      units directly affected and upon recommendation of the Philippine  
18      Economic Zone Authority (PEZA), the President is hereby authorized to  
19      create by executive proclamation Special Economic Zones covering the city  
20      of Balanga and the municipalities of Limay, Mariveles, Morong, Hermosa,  
21      and Dinalupihan, Province of Bataan.

22              "Subject to the concurrence by resolution of the local government  
23      units directly affected and upon recommendation of the PEZA, the President  
24      is hereby authorized to create by Executive Proclamation Special Economic  
25      Zones covering the municipalities of Castillejos, San Marcelino, and San  
26      Antonio, Province of Zambales.

27              "Duly registered business enterprises that will operate in the Special  
28      Economic Zones to be created shall be entitled to the same tax and duty  
29      incentives as provided for under Republic Act No. 7916, as  
30      amended: *Provided, That for the purpose of administering these incentives,*  
31      *the PEZA shall register, regulate, and supervise all registered enterprises*  
32      *within the Special Economic Zones."*

1  
2 SEC. 2. A new Section 17 of Republic Act No. 7227, as amended is hereby inserted  
3 to read as follows:  
4

5 "SEC. 17. THE SUPREME COURT SHALL DESIGNATE A BRANCH  
6 OF THE REGIONAL TRIAL COURT AND MUNICIPAL TRIAL COURT IN  
7 THE CSEZ TO HANDLE CASES FILED BY OR INVOLVING THE CSEZ OR  
8 ITS RESIDENTS OR REGISTERED BUSINESS ENTERPRISES ON ANY  
9 MATTER OR INCIDENT OCCURRING WITHIN THE CSEZ."  
10

11 SEC. 3. Section 17 of RA 7227, is hereby amended and renumbered as Section 18, to  
12 read as follows;

13 "Section [17] **(18)**. *Supervision*. –The [Conversion Authority] **BCDA**  
14 **AND ITS SUBSIDIARIES** shall be under the direct control and supervision  
15 of the Office of the President for purposes of policy direction and  
16 coordination."  
17

18 SEC. 4. Sections 18, 19 and 20 of R.A. 7227, are hereby renumbered accordingly.  
19

20 SEC. 5. PURSUANT TO THE COMPREHENSIVE MASTER  
21 DEVELOPMENT PLAN BY BCDA AS APPROVED BY THE PRESIDENT OF  
22 THE PHILIPPINES, LAND WITHIN THE CSEZ INCLUDING THE CLARK  
23 FREEPORT ZONE IS HEREBY DECLARED AS ALIENABLE AND  
24 DISPOSABLE AND BCDA IS AUTHORIZED TO SELL THESE LANDS  
25 SUBJECT TO COMPLIANCE WITH THE NATIONALITY REQUIREMENTS  
26 UNDER THE PHILIPPINE CONSTITUTION AND EXISTING LAWS FOR  
27 OWNERSHIP THEREOF: *PROVIDED*, THAT, THE AREA TO BE CLASSIFIED  
28 AS ALIENABLE AND DISPOSABLE SUBJECT TO SALE SHALL NOT BE  
29 MORE THAN 10% OF THE TOTAL LAND AREA OF THE CSEZ INCLUDING  
30 THE CLARK FREEPORT ZONE.  
31

1        **SEC. 6. IMPLEMENTING RULES AND REGULATIONS.** -WITHIN NINETY  
2        **(90) DAYS FROM THE EFFECTIVITY OF THIS ACT, THE FOLLOWING SHALL**  
3        **PROMULGATE THE NECESSARY RULES AND REGULATIONS FOR THE**  
4        **IMPLEMENTATION OF THE SPECIFIC PROVISIONS OF THIS ACT:**

5  
6        (a)    THE DEPARTMENT OF FINANCE, IN COORDINATION WITH THE  
7        BUREAU OF INTERNAL REVENUE, AND IN CONSULTATION WITH CDC, FOR THE  
8        NECESSARY RULES AND REGULATIONS IMPLEMENTING SECTION 1 OF THIS  
9        ACT BUT ONLY IN SO FAR AS IT AMENDS SECTION 15 OF REPUBLIC ACT NO.  
10       7227, AS AMENDED; AND

11       (b)    THE CDC AND BCDA FOR THE NECESSARY RULES AND  
12       REGULATIONS IMPLEMENTING ALL OTHER PROVISIONS OF THIS ACT.

13  
14       SEC. 7. *Separability Clause.* if any provision of this act is subsequently declared  
15       unconstitutional, the validity of the remaining provisions hereof shall remain in full force  
16       and effect.

17  
18       SEC. 8. *Repealing Clause.* All laws, decrees, orders, proclamations, rules and  
19       regulations or other issuances or parts thereof inconsistent with the provisions of this act  
20       are hereby repealed or modified accordingly.

21  
22       SEC. 9. This Act shall take effect fifteen (15) days after its publication in the *Official*  
23       *Gazette* or in a newspaper of general circulation.

24  
25       *Approved,*