



20 MAY 27 P12:23

SENATE
S.B. No. 1549

RECEIVED

Introduced by Senator Richard J. Gordon

**AN ACT
CREATING THE REGIONAL INVESTMENT AND INFRASTRUCTURE
COORDINATING HUB OF CENTRAL LUZON (RICH), AND FOR OTHER
PURPOSES**

EXPLANATORY NOTE

The coronavirus pandemic has forced governments all over the world to freeze economic activity in order to control the spread of the virus and to prevent public health institutions from being overwhelmed. According to the NEDA report dated 19 March 2020, the hit to global growth is imminent, while a global recession is possibly on the horizon. Reportedly, as of March 2020, an estimated 2.2 million Filipinos have lost their job, while more than 33,000 firms have closed.

The coronavirus pandemic also forced us to a stark realization that highly congested urbanized communities, especially in the National Capital Region (NCR), are extremely vulnerable to epidemics and other social problems. Now, more than ever, the Government urgently needs a clear and concrete strategy and roadmap for decongestion and decentralization of development away from NCR. Although the full extent of the societal and economic trauma the coronavirus pandemic may cause is still unknown, the Philippine government must be proactive in adopting measures to mitigate its impact to our economy, and more importantly to the Filipino people. It is essential for the State to adopt policies that will encourage and entice domestic and foreign direct investments (FDIs) outside of the country's capital and metro cities.

Central to the Government's economic agenda is economic dynamism and competitiveness with increased investments, business opportunities, and job generation. But with competition posed by neighboring countries with

lower production costs and better incentives, especially in the export industry, the journey toward this goal will travel at a slow pace.

For decades, China has been edging its Asian neighbors in enticing foreign investors, particularly for their export industry, due to its increasing number and magnitude of economic zones with low production costs. However, with the US-China trade war last year, the world saw many companies relocating their operations. The main beneficiaries of this are small countries in Southeast Asia led by Vietnam. According to the Kearney China Diversification Index (CDI), of the \$31 billion in U.S. imports that shifted away from China, some 46% was absorbed by Vietnam, sometimes by the same Chinese suppliers who left the mainland.¹ Vietnam exported an additional \$14 billion worth of manufactured goods to the U.S. in 2019 as a result of that shift.² It has also been reported that the Japanese government will allocate USD 2.2 Billion out of its USD 1.1-Trillion stimulus package to encourage its manufacturers to shift production out of China and back to Japan or towards countries within ASEAN.

The Philippine government should be aggressive in attracting FDI's leaving China. The Government must take advantage of the strategic infrastructures in Central Luzon as international transportation centers connecting the expansive areas in Luzon to attract FDI's. Infrastructure already existing in the country, such as the interconnecting highways; railways in Luzon; seaports in Subic, Mariveles, Aurora, and Manila; and airports in Subic, Clark and Manila, when integrated and optimized effectively and efficiently, with vast idle lands nearby, when utilized gainfully by the Special Economic Zones shall accommodate the development of agriculture, industry, tourism, and other enterprises.

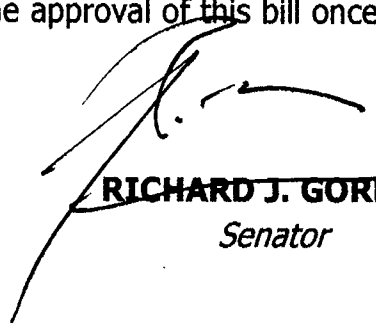
With its strategic location as the gateway to Asia, accessibility to three international airports, expanding infrastructure facilities, and competitive industrial estates and economic zones, Central Luzon is ready to be the next hub for major trade and investments. The interconnecting infrastructures could serve as an economic engine of growth for Central Luzon to promote and encourage entrepreneurship and to create various jobs and business opportunities to the Filipino people.

¹Rapoza, K (2020), New Data Shows U.S. Companies Are Definitely Leaving China, Forbes online, retrieved at:<https://www.forbes.com/sites/kenrapoza/2020/04/07/new-data-shows-us-companies-are-definitely-leaving-china/#5fe64e8540fe> on 7 May 2020.

² *Id.*

During the 17th Congress, the author filed a bill seeking to create a Regional Investment and Infrastructure Coordinating Hub (RICH) in Central Luzon to entice investors and create jobs in the region, which was approved by both houses, but which was unfortunately vetoed. The bill would have optimized the use of available infrastructures, natural resources such as idle land, and human resources to encourage foreign and local investments outside the NCR, thereby dispersing industries to the countryside and decongesting Metro Manila. The bill also provides mechanism for government to attract Foreign Direct Investments (FDIs) in Central Luzon where there is available land for a manufacturing hub.

In view of the foregoing, the approval of this bill once again is urgently sought.

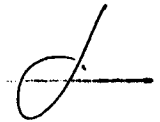


RICHARD J. GORDON
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AN ACT
CREATING THE REGIONAL INVESTMENT AND INFRASTRUCTURE
COORDINATING HUB OF CENTRAL LUZON, AND FOR OTHER
PURPOSES

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

1 **SECTION 1. *Short Title.*** – This Act shall be known as the "Regional
2 Investment and Infrastructure Coordinating Hub of Central Luzon."
3

4 **SEC. 2. *Policy.*** – It is hereby declared the policy of the State to
5 promote enabling policies and programs that encourage entrepreneurship and
6 investments in tourism, agriculture, and commercial enterprises that create
7 jobs and business opportunities, increase capital flow, release dormant
8 capital, and create inclusive wealth.
9

10 The State recognizes the indispensable role of the private sector and
11 the importance of establishing Special Economic or Freeport Zones in suitable
12 and strategic locations and the further strengthening of the Bases Conversion
13 Development Authority (BCDA), the Subic Bay Metropolitan Authority (SBMA),
14 the Clark Development Corporation (CDC), the Aurora Pacific Economic Zone
15 and Freeport Authority (APECO), the Authority of the Freeport Area of Bataan
16 (AFAB), the Philippine Economic Zone Authority (PEZA), and the Tourism
17 Infrastructure and Enterprise Zone Authority (TIEZA) through measures that
18 effectively attract foreign and domestic investments.
19

20 Pursuant to this policy, infrastructure development and optimization of
21 the interconnecting highways, railways, seaports, and airports in Central
22 Luzon must be maximized for the benefit of capital flow, to effectively address
23 bottlenecks, and decongest Metro Manila, lay the foundation for long-term

1 growth of Central Luzon, and increase the productivity of the people and their
2 individual and family incomes, thereby improving the quality of life.

3
4 **SEC. 3. *Purposes.*** – This Act shall have the following purposes:

- 5
6 (a) To develop policies and programs that promote entrepreneurship
7 and attract investments, thus creating more jobs and business
8 opportunities for the people;
9
- 10 (b) To decongest Metro Manila by dispersing industries and
11 population to Central Luzon;
12
- 13 (c) To improve the quality of life by developing sustainable
14 communities where residents live near where they work, and
15 where institutions such as schools and universities, hospitals,
16 utilities, among others, are within close proximity;
17
- 18 (d) To optimize the use of the interconnecting highways and railways
19 in Central Luzon; seaports in Subic, Mariveles, Aurora, and
20 Manila; and airports in Subic, Clark, and Manila to serve as an
21 investment corridor for Central Luzon and eventually, the whole
22 country;
23
- 24 (e) To act as a catalyst for unleashing dormant capital into productive
25 investments in infrastructure and industries within Central Luzon;
26
- 27 (f) To establish a platform that will encourage the local government
28 units (LGUs) to partner with existing special economic or freeport
29 zones in Central Luzon, that shall encourage the private and
30 public sectors to establish other special economic or freeport
31 zones and provide incentives to attract and maximize investments
32 in infrastructure, from local and foreign business investors,
33 resulting in numerous economic livelihood and employment
34 opportunities for the people;
35
- 36 (g) To be pioneers of orderly change to strengthen the culture of
37 cooperation and improve coordination among the National
38 Government, LGUs, and private sectors;
39
- 40 (h) To promote, locally and internationally, and spearhead the
41 integration of the BCDA, SBMA, CDC, AFAB, APECO, PEZA, TIEZA,
42 and thereafter RICH, adhering to the principle of global

1 competitiveness which encourages business investments that are
2 focused, fast, friendly, flexible, and forward-looking, thus
3 ensuring them to be self-sustaining, income-generating, and
4 revenue-contributing entities;

5
6 (i) To create sustainable industrial cities and communities that
7 balance economic growth and expansion, having regard to
8 environmental protection and preservation, thereby balancing
9 economic progress and future developments; and

10
11 (j) To create updated, and thereby continue updating,
12 comprehensive land use plans, in coordination with the LGUs
13 within Central Luzon, and incorporating the plans already created
14 for the Subic – Clark and Tarlac Area for a more cohesive and
15 harmonious Central Luzon Master Development Plan.

16
17 **SEC. 4. Regional Investment and Infrastructure Coordinating**
18 **Hub.** – There is hereby created a Regional Investment and Infrastructure
19 Coordinating Hub of Central Luzon, hereinafter referred to as the “RICH”,
20 which shall replace the Subic-Clark Alliance for Development Council (SCADC).

21
22 The powers of the RICH, as mentioned in Section 5 of this Act, shall be
23 vested in and exercised by the Board of Directors, hereinafter referred to as
24 the Board, which shall be composed, as follows:

- 25
26 (i) The President of BCDA;
27 (ii) The Chairperson and Administrator of SBMA;
28 (iii) The President of CDC;
29 (iv) The President of APECO;
30 (v) The Chairperson and Administrator of AFAB;
31 (vi) The Chairperson of the Regional Development Council of Region
32 III;
33 (vii) The Director General of PEZA;
34 (viii) The General Manager/Chief Operating Officer of TIEZA;
35 (ix) One (1) member from the private sector, appointed by the
36 President of the Philippines

37
38 The members mentioned in subparagraphs (i) to (viii) are considered
39 as *ex officio* members of RICH. The Chairperson of RICH shall be appointed
40 by the President, chosen among the members.
41

1 A majority of the Board shall constitute a quorum to conduct day-to-
2 day business. A member of the Board may appoint a duly authorized
3 representative to attend and vote on behalf of the member. Provided that, it
4 shall be in writing, duly signed by the member, and filed before the scheduled
5 meeting. Provided, further, That such authority may extend beyond one (1)
6 meeting, but shall be valid and effective for a period not longer than one (1)
7 year at any one time.

8
9 Regular meetings shall be conducted by the Board at least once a
10 month. A written notice must be given three (3) days before the scheduled
11 meeting.

12
13 Members of the Board are entitled to receive commensurate and
14 reasonable *per diems*, as may be determined by the Governance Commission
15 for GOCCs (GCG): *Provided*, That the *per diems* collected per month shall not
16 exceed the equivalent of four (4) meetings, except in cases of extraordinary
17 circumstances.

18
19 **SEC. 5. Powers and Functions.** – The RICH, through its Board, shall
20 be vested with the following powers and functions:

- 21
- 22 (a) To develop, structure, and facilitate infrastructure projects,
23 particularly those that enhance national competitiveness and
24 create employment and business opportunities;
 - 25
 - 26 (b) To develop robust feasibility studies supported by necessary
27 technical and engineering assessment and commercial viability
28 assessment for regional infrastructure projects;
 - 29
 - 30 (c) To promote, locally and internationally, Central Luzon, the
31 establishment of special economic or freeport zones, and other
32 development programs and projects in Central Luzon;
 - 33
 - 34 (d) To mandate the submission by the LGUs of their respective recent
35 or up to date Comprehensive Land Use Plans, as well as the Land
36 Use Plans already existing for the Subic-Clark-Tarlac area, and in
37 consultation with all stakeholders, to evaluate, formulate,
38 coordinate, and communicate a Comprehensive and Integrated
39 Master Plan for Central Luzon, in accordance with Section 8 of
40 this Act;
 - 41

- 1 (e) To coordinate the grant and administer all fiscal and non-fiscal
2 incentives provided in this Act and, including, but not limited to,
3 the Foreign Investments Act, the Omnibus Investments Code, the
4 Philippine Economic Zone Act of 1995, and the Bases Conversion
5 and Development Act of 1992;
6
- 7 (f) To formulate clear, consistent, and predictable regulations, for the
8 grant of Registration Agreements, permits/licenses or clearances
9 for infrastructure projects, investments, business enterprises, sole
10 proprietorships, and other endeavors, in accordance with this Act;
11
- 12 (g) To identify areas outside the jurisdiction of any special economic
13 or freeport zone, and which cannot be placed within the ambit of
14 the jurisdiction of any special economic or freeport zone, as
15 certified by the special economic or freeport zone nearest to the
16 identified areas, to consolidate/merge, purchase, develop and
17 create the same, on its own or in cooperation with the affected
18 LGUs, into special economic or freeport zones, new industrial
19 townships, commercial and retail developments, agro-industrial
20 zones, and the like;
21
- 22 (h) To construct, acquire, own, lease, operate, and maintain on its
23 own or through contract, franchise, license, permit, Public-Private
24 partnership, Build-Operate-Transfer or Joint Venture the required
25 utilities and infrastructure facilities, including additional roads,
26 bridges, airports, seaport, railroads, subways, and to fix just and
27 reasonable rates, fares, charges and other prices therefor;
28
- 29 (i) To encourage earnest efforts and conciliation proceedings in
30 cases of labor disputes where abuses of the management and/or
31 labor will be discouraged and dealt with expeditiously and fairly;
32
- 33 (j) To coordinate and assist existing Special Economic or Freeport
34 Zones in the implementation of cross border projects along and
35 within the Central Luzon economic corridor, pursuant to the
36 objectives of RICH;
37
- 38 (k) To generate its own revenues from among, but not limited to,
39 license fees and/or application, filing and registration and
40 administrative/regulatory fees, and invest its funds and other
41 assets, as it may deem proper, to achieve its purpose;
42

- 1 (l) To raise and borrow the necessary funds from local and
2 international financial institutions and to issue bonds, promissory
3 notes, and other securities for that purpose and to secure the
4 same by guarantee, pledge, mortgage, deed of trust or
5 assignment of properties;
6
- 7 (m) To enter into, make, perform and carry out contracts of every
8 class, kind, and description which are necessary or incidental to
9 the realization of this Act with any person, firm or corporation,
10 private or public, or with foreign government entities, upon prior
11 approval by the President of the Philippines;
12
- 13 (n) To coordinate, formulate plans, programs and policies and
14 provide assistance, and in coordination with the concerned
15 department or agency, if necessary, on any matter of policy and
16 ensure compliance therewith;
17
- 18 (o) To promote RICH and Central Luzon Investment Corridor to local
19 and international investors;
20
- 21 (p) To create a Coordinating Council in each province to oversee the
22 operations of the businesses and investments established within
23 their respective provinces and such other functions, as may be
24 delegated by a majority vote of the Board. Provided that, the
25 Council shall submit a monthly report, in writing, to the Board
26 containing the progress of the province and such other matters,
27 as may be directed by the Board. Provided further, that the
28 Council shall be composed of the Provincial Governor and two (2)
29 private sector members who shall be appointed and chosen by
30 the President, from among five (5) recommended individuals,
31 upon majority vote of the Board;
32
- 33 (q) To establish subsidiaries and serve as holding company of such
34 subsidiaries, if necessary and as approved by the Board;
35
- 36 (r) To exercise the right of eminent domain;
37
- 38 (s) To adopt, implement, and enforce ecological and environmental
39 standards and measures for environmental pollution control and
40 management;
41
42

- 1 (t) To strengthen and coordinate all existing security and firefighting
2 forces already established within Central Luzon and are under
3 existing special economic or freeport zones, and formulate and
4 implement public safety measures to ensure the safety and
5 preservation of law and order within Central Luzon;
6
7 (u) To establish a "One-Stop Shop" in every province of Central Luzon
8 to promote focused, fast, friendly, flexible, and forward-looking
9 registration and operation of businesses and investments;
10
11 (v) To encourage and assist in the use of Alternative Dispute
12 Resolutions such as mediation, conciliation, arbitration, or any
13 combination thereof as a means of achieving speedy and efficient
14 means of resolving disputes in accordance with Republic Act No.
15 9285, otherwise known as the "Alternative Dispute Resolution Act
16 of 2004";
17
18 (w) To coordinate and regulate utilities within the existing special
19 economic or freeport zones or those created under this Act, in
20 accordance with existing laws; and
21
22 (x) To promulgate rules and regulations and perform such other
23 powers and functions as may be necessary, appropriate, or
24 incidental to this Act.
25

26 **SEC. 6. Supervision.** – RICH shall be under the general supervision of
27 the Office of the President of the Philippines.
28

29 **SEC. 7. Chairperson and Chief Executive Officer (CEO).** – A
30 chairperson and CEO shall be appointed by the President, which shall be
31 chosen from among a list of three (3) independent individuals upon a majority
32 vote by the Board. *Provided,* That, the incumbent Executive Director of SCAD
33 shall hold over until the Chairperson and CEO shall have been chosen and
34 qualified: *Provided, further,* That, the recommended individuals chosen by
35 the Board shall have at least five (5) years of work experience in
36 infrastructure development, finance, administration and/or management.
37

38 The chairperson and CEO shall have the following powers and functions:

- 39 (a) To administer and manage the business affairs of RICH;
40 (b) To lead in the development and improvement of RICH and the
41 Central Luzon Investment and Infrastructure Corridor Master Plan,
42 as approved by the Board;

- 1 (c) To promote commercial, tourism, and agriculture enterprises
2 within Central Luzon including existing Special Economic or
3 Freeport Zones, to encourage more investments and production,
4 for domestic and international markets;
- 5 (d) To ensure that regulations established by RICH are enforced and
6 implemented;
- 7 (e) To coordinate primary dispute settlements and resolutions within
8 the Special Economic or Freeport Zones, including labor disputes,
9 in order to address local disputes and prevent strikes or lockouts;
- 10 (f) To encourage LGUs to provide incentives to private sectors and
11 entities who decide to relocate from Metro Manila to the Special
12 Economic or Freeport Zones under the RICH;
- 13 (g) To ensure that safety and security measures are properly
14 maintained within Central Luzon; and
- 15 (h) To exercise and perform such other powers, and/or functions as
16 delegated or assigned by a majority vote of the Board.
17

18 **SEC. 8. Central Luzon Investment Corridor Master Plan.** –
19 Immediately within one hundred eighty (180) days upon the effectivity of this
20 Act, the Board shall develop the Central Luzon Investment Corridor Master
21 Plan (Master Plan) through the active participation of all stakeholders in
22 planning and implementing the creation and continuous operation of an
23 aggregation of Special Economic or Freeport Zones within Central Luzon.
24

25 The Master Plan shall include the provision of adequate and affordable
26 housing facilities within the Special Economic or Freeport Zones to provide
27 comfortable and livable homes that are easily accessible by non-motorized
28 means of transportation.
29

30 The Master Plan shall be approved upon a majority vote of the Board,
31 which shall contain a long-term strategy and their concomitant commitment
32 to implement the Master Plan. The Master Plan shall not be subject to
33 frequent policy changes unless for key changes essential to further improve
34 the productivity within the area.
35

36 **SEC. 9. Responsibilities of the Local Government Units and**
37 **Other Stakeholders.** – The Master Plan shall be implemented by RICH,
38 through its Board, and it shall be the overall coordinating body in the
39 implementation of the Master Plan, specifically for projects with cross border
40 locations in established Special Economic or Freeport Zones. RICH shall
41 coordinate and partner with LGUs in formulating, implementing, and
42 promoting the Master Plan. THE LGUs shall be responsible in coordinating

1 with the Department of Environment and Natural Resources (DENR) for
2 providing the zoning and the Comprehensive Land Use Plan for the Region.
3 The LGUs shall assist in the identification and conversion of lands in Central
4 Luzon and shall be encouraged to provide incentives to entities such as local
5 tax incentives and streamlining of business permits applications, processing,
6 and approval.

7
8 LGUs, in coordination with the Department of Public Works and
9 Highways (DPWH) and other concerned Departments, shall ensure all
10 highways, railways, airports, and seaports are in good condition and properly
11 maintained.

12
13 LGUs, in coordination with registered entities, and in partnership with
14 the Home Development Mutual Fund, otherwise known as Pag-IBIG Fund,
15 within Central Luzon to provide housing facilities with access to power, clean
16 water and sewerage systems to workers and their families, in order to afford
17 them a comfortable and livable work-life balance, at the same time
18 decongesting Metro Manila and improving the traffic condition.

19
20 Private entities shall be responsible for investing and building
21 infrastructure within Central Luzon which shall observe international best
22 practices in industrial operations while complying with existing laws, rules and
23 regulations, including those intended for environmental preservation and
24 protection, and protection to labor legislations. Private entities may propose
25 their own Plan, as long as it is in accordance with the Master Plan, as
26 described in Section 8 of this Act. The entities shall construct adequate and
27 affordable housing or condominium facilities with access to electric power,
28 clean water and sewerage systems to provide housing facilities to the workers
29 and their families, which may be in partnership with the Pag-IBIG Fund.

30
31 **SEC. 10. *Registration and Availment of Incentives.*** – Upon the
32 effectivity of this Act, any person, firm, association, partnership, corporation,
33 or any other form of business organization, regardless of nationality, control
34 and/or ownership of the working capital thereof, that wishes to be a
35 registered entity under RICH may apply for registration, in accordance with
36 Section 18 of this Act and such other rules and regulations as may be
37 determined by the RICH, and in accordance with the Constitution.

38
39 All export activities and investments under the Investment Priorities
40 Plan (IPP), whether located inside or outside Special Economic or Freeport
41 Zones, including tourism-related activities, may only be granted incentives
42 under this Act.

1 **SEC. 11. *Income Tax Holiday.*** – An Income Tax Holiday (ITH) may
2 be administered for RICH-Registered Entities. An ITH of one hundred percent
3 (100%) of corporate income tax for the first ten (10) years from its
4 operations, may be granted to any registered entity if the entity constructs
5 adequate and affordable housing with recreational facilities and either a
6 school, which provides Basic Education, university, or hospital for employees
7 and/or the immediate community: *Provided*, That “Basic Education” shall
8 mean an education intended to meet basic learning needs which lay the
9 foundation on which subsequent learning can be based. It encompasses early
10 childhood, elementary, and high school education: *Provided, further*, That the
11 adequate and affordable housing facilities must have a minimum floor area of
12 twenty-two square meters (22 sqm.) with sufficient electrical power, clean
13 water and sewerage systems in accordance with Batas Pambansa Blg. 220,
14 otherwise known as “An Act Authorizing the Ministry of Human Settlements to
15 Establish and Promulgate Different Levels of Standards and Technical
16 Requirements for Economic and Socialized Housing Projects in Urban and
17 Rural Areas from Those Provided Under Presidential Decrees Numbered Nine
18 Hundred Fifty-Seven, Twelve Hundred Sixteen, Ten Hundred Ninety-Six and
19 Eleven Hundred Eighty-Five”, Republic Act No. 6541 or otherwise known as
20 the “National Building Code of the Philippines”, Housing and Land Use
21 Regulatory Board (HLURB) Guidelines, and other existing laws.

22
23 Upon expiry of the ITH, a five percent (5%) special tax on gross
24 income earned in lieu of all national and local taxes shall be applied and
25 distributed, as follows:

- 26
27 (a) Three percent (3%) to the RICH;
28 (b) One percent (1%) shall be directly remitted by the entity to the
29 treasurer’s office of the municipality or city where such is located;
30 and
31 (c) One-half percent (1%) shall be remitted to the National
32 Government.

33
34 In addition, registered entities shall avail themselves of the following
35 incentives: tax and duty free importation of raw materials, capital equipment,
36 machineries, and spare parts; exemption from wharfage dues and export tax;
37 impost or fees; VAT zero-rating of local purchases subject to BIR and RICH
38 requirements; exemption from payment of local government imposts, fees,
39 licenses, or taxes; and other incentives as provided under Presidential Decree
40 No. 66 and Book VI of Executive Order No. 226, otherwise known as the
41 “Omnibus Investment Code of 1987.”

1 The BIR shall require a registered entity availing of the ITH to secure a
2 Certificate of Eligibility from the RICH and any other requirement, as
3 mandated by the BIR and RICH, before submitting its Income Tax Return
4 (ITR) for validation.

5
6 Failure to secure the Certification and/or to file the ITH availment for
7 validation within thirty (30) days from the last day of each statutory filing date
8 for the ITR shall cause the forfeiture of the ITH availment for the taxable
9 period.

10
11 **SEC. 12. Tax Credits for Eligible Infrastructure Projects. –**

12 Subject to the requirements under this section and additional guidelines
13 prescribed by the Board, any person, partnership or corporation, whether for
14 profit or non-profit, that incurs expenses associated with the construction of
15 new, renovation or replacement of existing, infrastructure projects, as
16 certified by the RICH to be eligible under this Section, is entitled to a credit
17 against the tax imposed on such person or corporation, in an amount
18 equivalent to thirty percent (30%) of the expenses incurred for the project, as
19 approved by the Board. The tax credit is earned one (1) year upon completion
20 of the construction of the infrastructure project. The tax credit may be applied
21 to all national taxes including duties, value-added taxes, excise taxes, and
22 income taxes, which may be due.

23
24 (a) *Qualified Taxpayers.* – The tax credit shall be given to persons,
25 partnerships and corporations who: (1) are duly-registered with
26 the RICH; and (2) incur expenses associated with the construction
27 of infrastructure projects, as certified by the RICH.

28
29 (b) *Eligible Infrastructure Projects.* – Apart from the standards to be
30 set by the RICH, infrastructure projects must meet the following
31 qualifications in order to be eligible for tax credit: (1) there must
32 be a public need for the infrastructure project; (2) at least fifty
33 percent (50%) of the infrastructure project must be located and
34 primarily dedicated for use within Central Luzon; (3) the
35 infrastructure project has significant financial, technical,
36 economic, social and/or environmental merits and is valuable to
37 the government from the perspective of service delivery, cost-
38 effectiveness, and risk transfer, among others; (4) the
39 infrastructure project will not compete or interfere with other
40 existing or planned government projects, consistent with the
41 achievement of the government's strategic priorities and the
42 Master Plan, and can complement existing government assets or

1 projects; and (5) must comply with the standards according to
2 pertinent law, rules and regulations set by the DPWH and RICH,
3 and as approved by the DPWH within a reasonable amount of
4 time.

5
6 (c) *Maximum Project Tax Credit.* – The tax credit allowed pursuant to
7 this section shall not exceed Three Billion Pesos
8 (PhP3,000,000,000.00) for any approved project. No project to be
9 completed in phases or in multiple projects shall exceed this
10 maximum amount for all phases of the project involved.

11
12 (d) *Carry-over.* – The amount of the tax credit may be carried
13 forward and applied to the tax liability for ten (10) taxable years
14 following the date the tax credit is awarded.

15
16 (e) *Guarantee by the RICH.* – Upon the availability of funds, the RICH
17 may guarantee, on its own account, monetary obligations
18 incurred in relation to the construction of infrastructure projects
19 under this Section.

20
21 **SEC. 13. Additional Deduction for Training and Research and**
22 **Development Programs.** – Subject to the requirements thereafter
23 established by the RICH, and in coordination with the BIR, any person,
24 partnership or corporation, whether for profit or non-profit, that incurs
25 expenses associated with training programs and viable research and
26 development programs certified by an appropriate authority that develops
27 capabilities assessed to be industry critical and are approved by the Board, is
28 entitled to a deduction against the five percent (5%) special tax due from
29 such person or corporation, in an amount equal to fifty percent (50%) of the
30 expenses incurred for said training and research and development program.

31
32 **SEC. 14. Sovereign Guarantee.** – In accordance with pertinent laws,
33 rules and regulations, the Republic of the Philippines, through filing an
34 application with RICH, shall answer for the payment of guarantee obligations
35 by RICH-registered entities who place capital investments in the Region under
36 the provisions of this Act: Provided, however, that the entity's assets shall
37 have been first fully exhausted to satisfy its guarantee obligations. Provided
38 that, at no time shall the Republic shall guarantee for an accumulated amount
39 of Five Billion Pesos (PhP5,000,000,000.00) for investments contemplated
40 under this Act.

1 **SEC. 15. *General Principles on the Grant of Incentives.*** – The
2 incentive schemes set forth in this Act shall be in effect for a period of fifty
3 (50) years from its effectivity. The incentives scheme shall be applicable only
4 to the new areas identified and qualified, as may be approved by the RICH,
5 that are not otherwise within the jurisdiction of an existing investment
6 promotions agency: *Provided, That,* in cases where an entity is qualified to
7 register with the RICH and either PEZA, TIEZA, CDC, SBMA, APECO, AFAB, or
8 such other investment promotions agency, the entity may choose which
9 scheme to apply: *Provided further, That,* the period of fifty (50) years may be
10 extended for a non-extendible period of fifty (50) years or less, in cases
11 where there is a need for further investment and infrastructure development
12 in the region, as may be determined by the RICH, in coordination with the
13 Department Of Trade and Industry (DTI).
14

15 **SEC. 16. *Existing Registered Entities.*** – Entities registered with
16 PEZA, TIEZA, CDC, SBMA, APECO, and AFAB under existing laws, rules and
17 regulations shall continue to be entitled to the incentives under the similar
18 terms and conditions provided therein. However, in cases where the
19 registered entity constructs adequate and affordable housing facilities, in
20 accordance with Section 11 of this Act, the entity may register with the RICH
21 and shall be qualified to avail itself of the incentives provided herein, in
22 accordance with existing laws, rules and regulations as may be approved by
23 the RICH.
24

25 **SEC. 17. *Revocation of Registration Agreement.*** – The Board may
26 automatically revoke the Registration Agreement of any entity which violates
27 any of RICH rules and regulations, including, but not limited to, submitting
28 false or fraudulent documents, declaring any false material information in
29 connection with its application, or any other act as may be determined by the
30 Board, and upon substantial proof. For purposes of this Act, "Registration
31 Agreement" shall refer to the final agreement executed by RICH and the
32 registered entity setting forth the terms and conditions for the latter's
33 operation of business or engagement in economic activity.
34

35 **SEC. 18. *"One-Stop Shop".*** – Upon the effectivity of this Act, a "One-
36 Stop Shop" shall be established for entities that wish to be registered and/or
37 are registered with PEZA, TIEZA, CDC, SBMA, APECO, AFAB, and RICH. The
38 "One-Stop Shop" shall facilitate the registration, operation, and maintenance
39 of entities in Central Luzon. The RICH, PEZA, TIEZA, CDC, SBMA, APECO,
40 AFAB, and other appropriate government agencies which are involved in
41 registering, licensing, or issuing Registration Agreements and other permits to
42 investors shall coordinate and, if necessary, assign a representative in every

1 "One-Stop Shop" to attend to investor's requirements and applications. The
2 "One-Stop Shop", in coordination with the agencies, shall maintain database
3 and fully interactive website for online transactions and shall act upon all
4 applications within three (3) business days upon completion and submission
5 of requirements.

6
7 For this purpose, a "One-Stop Shop" refers to a center established, in
8 accordance with this Act, where a single common site or location is
9 designated for all concerned agencies in the registration, licensure, and
10 issuance of permits to entities that wish to register and operate within Central
11 Luzon: *Provided*, That each province shall establish its own "One-Stop Shop"
12 to facilitate the ease of doing business in the Region.

13
14 **SEC. 19. Eminent Domain.** – The areas comprising the Special
15 Economic or Freeport Zones may be expanded or reduced when necessary.
16 For this purpose, RICH shall have the power to acquire, either by purchase,
17 negotiation or condemnation proceedings, any private lands within or
18 adjacent to the Zones for:

- 19
20 (a) Consolidation of lands for zone development purposes and
21 infrastructure projects;
22
23 (b) Acquisition of right of way to the zones; and
24
25 (c) The protection of watershed areas and natural assets valuable to
26 the prosperity of the zones.
27

28 In the establishment of a publicly-owned Special Economic or Freeport
29 Zone, any person or group of persons who has been occupying a parcel of
30 land within the Zone has to be evicted, RICH shall provide the person or
31 group of persons concerned with just compensation: *Provided* that, in the
32 case of displaced agrarian reform beneficiaries, they shall be entitled to the
33 benefits under the Comprehensive Agrarian Reform Law, including but not
34 limited to Section 3 of Republic Act No. 3844, in addition to a home lot in the
35 relocation site and preferential employment in the project being undertaken.

36
37 **SEC. 20. Land Reclassification and Conversion.** – Agricultural
38 lands may be reclassified and converted for residential, commercial, industrial,
39 and other non-agricultural purposes, subject to the comprehensive land use
40 plans and the Master Plan, as approved by RICH.
41

1 **SEC. 21. Presidential Land Grant.** – The provisions of any existing
2 law to the contrary notwithstanding, the President may, upon the
3 recommendation of the DENR Secretary, grant by donation, sale, lease or
4 otherwise, to RICH portions of land of the public domain as may be
5 necessary for utilization or expansion of Special Economic or Freeport Zones
6 in Central Luzon for the increased efficiency of its performance and the
7 accomplishment of its purpose which is to become the “Engine of Growth
8 for Central Luzon and the Philippines”.

9
10 **SEC. 22. Coordination.** – The BCDA, SBMA, CDC, APECO, AFAB,
11 PEZA, TIEZA, and the Board of Investments (BOI), as well as the special
12 economic or freeport zones which may thereafter be established in Central
13 Luzon, shall be in close coordination with RICH, for purposes of domestic and
14 foreign promotion, policy direction, and ease of doing business.

15
16 **SEC. 23. Utilities and Other Services.** – RICH may undertake and
17 regulate the establishment, operation, and maintenance of utilities, such as
18 electric power supply and such other services within Central Luzon and fix just
19 and reasonable fees, rates and charges, and other forms of pricing in
20 connection thereof, in accordance with existing laws, rules and regulations.

21
22 **SEC. 24. Appropriation.** – The amount equivalent to Six Hundred
23 Million Pesos (P600,000,000.00), for the first three (3) years of its operations,
24 at Two Hundred Million (P200,000,000.00) per year, is appropriated for the
25 organization, operation, and management of RICH which shall be included in
26 the annual General Appropriation Act (GAA). Thereafter, RICH may, on its
27 own, maintain its operation and management through its acquired earnings
28 from the first three (3) years of its operations.

29
30 **SEC. 26. Personnel.** – The Board shall provide for an organizational
31 chart of officers and employees, as may be deemed necessary, in
32 coordination with the Department of Trade and Industry (DTI), and fix a
33 compensation plan consisting of the salaries and benefits thereof. Provided,
34 that the compensation plan shall be comparable with the prevailing
35 compensation plans in CDC, SBMA, APECO, AFAB, TIEZA, and PEZA. Provided
36 further, that the compensation plan shall be subject to review by the Board in
37 no more than once every two (2) years.

38
39 RICH shall be exempt from existing laws, rules, and regulations on
40 compensation, position classification, and qualification standards.
41

1 **SEC. 27. Legal Counsel.** – Without prejudice to the hiring of an
2 outside counsel, the Office of the Government Corporate Counsel (OGCC)
3 shall be the *ex officio* legal counsel of RICH. In the event that highly
4 specialized legal services cannot be provided for by OGCC, as may be
5 required, the services of an outside counsel, whose compensation shall be
6 approved by the Board, may be engaged and no further consent or approval
7 of OGCC shall be required.

8
9 **SEC. 28. Injunctions or Restraining Orders.** – The implementation
10 of the provisions of this Act is of national interest. Thus, no project, bidding,
11 and undertaking in implementation of the provisions of this Act shall be
12 restrained or enjoined by an injunction or restraining order except by the
13 Supreme Court of the Philippines.

14
15 **SEC. 29. Implementing Rules and Regulations.** – The Secretaries
16 of the Department of Finance (DOF) and the DTI, in coordination with the
17 Secretaries of DPWH, DENR, National Economic and Development Authority
18 (NEDA) Director-General, Commissioners of the BIR and Bureau of Customs
19 (BOC), and heads of SBMA, CDC, BCDA, PEZA, APECO, AFAB, and TIEZA,
20 shall, within one hundred twenty (120) days from the effectivity of this Act,
21 promulgate rules and regulations to faithfully implement the intent and
22 provisions of this Act: Provided, That the failure of the Secretaries of the DOF
23 and DTI to promulgate the rules and regulations shall not prevent the
24 implementation of this Act upon its effectivity.

25
26 **SEC. 30. Repealing Clause.** – All laws, decrees, executive orders,
27 rules and regulations or other issuances or parts thereof inconsistent with the
28 provisions of this Act are hereby repealed or modified accordingly.

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

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

Approved,