

(AS AMENDED BY THE SENATE)

CONGRESS OF THE PHILIPPINES  
EIGHTEENTH CONGRESS  
Second Regular Session



**HOUSE OF REPRESENTATIVES**

H. No. 7575

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BY REPRESENTATIVES, SY-ALVARADO, GARIN (S.), SALCEDA, YAP (E.), MACEDA, ONG (R.), NOGRALES (J.J.), SINGSON-MEEHAN, SUANSING (E.), BENITEZ, GORRICETA, TAN (A.S.), AUMENTADO, BLAZON, DEFENSOR (L.), GARCIA (J.E.), RODRIGUEZ (R.), ZUBIRI, AGLIPAY, BAGATSING, BARONDA, CHATTO, YAP (V.), CO (A.N.), HERNANDEZ, SAVELLANO, ABU, HARESCO, DUAVIT, DEFENSOR (M.), SUNTAY, FARIÑAS (R.C.), DAGOOC, BASCUG, TAMBUNTING, PADIERNOS, GONZALES (A.), DELOSO-MONTALLA, ARENAS, NUÑEZ-MALANYAON, GO (M.), DY (F.M.C.), EBCAS, VIOLAGO, LACSON, CRISOLOGO, DE VENEZIA, JIMENEZ, PADUANO, ROBES, ALBANO, PANCHO, SILVERIO AND VILLARICA, PER COMMITTEE REPORT NO. 468

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**AN ACT  
ESTABLISHING THE BULACAN AIRPORT CITY SPECIAL ECONOMIC ZONE AND  
FREEPORT, PROVINCE OF BULACAN AND APPROPRIATING FUNDS THEREFOR**

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

**CHAPTER 1  
GENERAL PROVISIONS**

**SECTION 1. *Short Title.*** - This Act shall be known as the "Bulacan Airport City  
Special Economic Zone and Freeport Act."

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- 1 b) The Bulacan Ecozone shall be equipped with transportation, telecommunications  
2 and other facilities needed to attract legitimate and productive investments,  
3 generate linkage industries and employment opportunities for the people of the  
4 Municipality of Bulakan and its neighboring towns and cities;
- 5 c) The Bulacan Ecozone may establish mutually beneficial economic relations with  
6 other entities or enterprises within the country or, subject to the administrative  
7 guidance of the Department of Foreign Affairs (DFA), the Philippine Economic  
8 Zone Authority (PEZA), and/or the Department of Trade and Industry (DTI), with  
9 foreign entities or enterprises;
- 10 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may  
11 set up enterprises in the Bulacan Ecozone, either by themselves or in a joint  
12 venture with Filipinos in any sector of industry, international trade and commerce  
13 within the Bulacan Ecozone;
- 14 e) The Bulacan Ecozone shall be managed and operated as a separate customs  
15 territory thereby ensuring the free flow or movement of goods and capital within,  
16 into, and out of its territory, and shall likewise provide incentives such as tax and  
17 duty-free importations of raw materials, capital and equipment to registered  
18 enterprises located therein [~~However, exportation or removal of goods from the~~  
19 ~~territory of the Bulacan Ecozone to the other parts of the Philippine territory shall be~~  
20 ~~subject to customs duties and taxes under the Customs Modernization and Tariff~~  
21 ~~Act and other relevant tax laws of the Philippines;]~~ AS PROVIDED UNDER  
22 REPUBLIC ACT NO. 11534, OTHERWISE KNOWN AS THE "CORPORATE  
23 RECOVERY AND TAX INCENTIVES FOR ENTERPRISES ACT";
- 24 f) The areas comprising the Bulacan Ecozone may be expanded or reduced when  
25 necessary though a presidential proclamation issued for the purpose. For this  
26 purpose, the BACSEZFA, in consultation with the LGUs, shall have the power to  
27 acquire either by purchase, negotiation or condemnation proceedings, any private  
28 land within or adjacent to the Bulacan Ecozone for the following purposes: (1)  
29 consolidation of lands for zone development; (2) acquisition of right of way to the  
30 Bulacan Ecozone; and (3) the protection of watershed areas and natural assets  
31 valuable to the prosperity of the Bulacan Ecozone;
- 32 g) Goods manufactured by a Bulacan Ecozone enterprise shall be made available for

1 immediate retail sale in the domestic market, subject to the payment of  
2 corresponding taxes on raw materials and other regulations that may be formulated  
3 by the BACSEZFA together with the PEZA, the Bureau of Customs (BOC) and the  
4 DTI. However, in order to protect domestic industries, a Negative List of industries  
5 shall be drawn up and regularly updated by PEZA. Enterprises engaged in  
6 industries included in such Negative List shall not be allowed to sell their products  
7 locally;

- 8 h) The defense of the Bulacan Ecozone and the security of its perimeter fence shall be  
9 the responsibility of the national government in coordination with the BACSEZFA  
10 and the LGUs.

11 **SEC. 6. Development Goals of the Bulacan Ecozone.** - The BACSEZFA shall  
12 include in its development goals for the Bulacan Ecozone the construction and operation  
13 of a domestic and international airport and allied businesses within the framework of  
14 national development plans, policies and goals. The Chairperson-Administrator shall,  
15 upon approval by the Board, submit the Bulacan Ecozone plans, programs and projects  
16 to the Regional Development Council for inclusion and inputs to the overall regional  
17 development plan.

18 **SEC. 7. Capitalization.** - The BACSEZFA shall have an authorized capital stock of  
19 two billion (2,000,000,000) no par shares at a minimum issue of Ten pesos (P10.00)  
20 each, the majority shares of which shall be subscribed and paid for by the National  
21 Government and the LGUs embracing the BACSEZFA. The Board of Directors of the  
22 BACSEZFA may, with the written concurrence of the Secretary of Finance, sell shares,  
23 representing not more than forty per centum (40%) of the capital stock of the  
24 BACSEZFA to the general public under such policy as the Board and the Secretary of  
25 Finance may determine. The National Government and the LGUs shall in no case own  
26 less than sixty per centum (60%) of the total issued and outstanding capital of the  
27 BACSEZFA.

28 The amount necessary to subscribe and pay for the shares of the National  
29 Government to the capital stock of the BACSEZFA shall be included in the annual  
30 General Appropriations Act. For the LGUs concerned, the funds shall be taken from their  
31 internal revenue allotment and other local funds.

32 **SEC. 8. Principal Office of the BACSEZFA.** - The BACSEZFA shall maintain its  
33 principal office at the Airport City, but it may establish liaison offices within the

1 Philippines as may be necessary for the proper conduct of its business.

2 **SEC. 9. Powers and Functions of the BACSEZFA.** - The BACSEZFA shall have  
3 the following powers and functions:

4 a) To operate, administer, manage and develop the Bulacan Ecozone according to  
5 the principles and provisions set forth in this Act.

6 b) To register, regulate and supervise the enterprises in the Bulacan Ecozone in an  
7 efficient and decentralized manner, subject to existing laws;

8 c) To coordinate with LGUs and exercise general supervision over the development  
9 plans, activities and operations of the Bulacan Ecozone;

10 d) To ~~regulate and~~ undertake the establishment, construction, operation and  
11 maintenance of public utilities, other services, and infrastructure in the Bulacan  
12 Ecozone such as light and power, shipping, barging, stevedoring, cargo handling,  
13 hauling, warehousing, storage of cargo, port services or concessions, piers,  
14 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,  
15 telecommunications, transport, bridges, terminals, conveyors, water supply and  
16 storage, sewerage, drainage, airport operations in coordination with the Civil  
17 Aviation Authority of the Philippines and such other services or concessions or  
18 infrastructure necessary or incidental to the accomplishment of the objectives of  
19 this Act: *PROVIDED, THAT ALL SUCH SHALL BE IN COMPLIANCE AND*  
20 *COORDINATION WITH THE RULES AND REGULATIONS OF THE*  
21 *CONCERNED DEPARTMENTS AND AGENCIES;*

22 e) To construct, acquire, own, lease, operate and maintain on its own or through  
23 contracts, franchise, licenses, bulk purchase from the private sector or permits  
24 under any of the schemes allowed in Republic Act No. 6957, otherwise known as  
25 the Build-Operate-Transfer Law, as amended, or joint venture, adequate facilities  
26 and infrastructure required or needed for the operation and development of the  
27 Bulacan Ecozone, in coordination with appropriate national and local government  
28 authorities and in conformity with applicable laws thereon;

29 f) To approve plans, programs and projects of the Bulacan Ecozone, to be submitted  
30 to the Regional Development Council for inclusion and inputs to the overall  
31 regional development plan;

1 ~~[(g)]~~ To operate on its own, either directly or through licenses to others, tourism related  
2 activities, including games, amusements, recreational and sports facilities;]

3 ~~[(h)]~~ g) To raise or borrow, within the limitation provided by law, and subject to the  
4 approval or opinion of the Monetary Board of the *Bangko Sentral Ng Pilipinas* (BSP), as  
5 the case may be, adequate and necessary funds from local or foreign sources, to  
6 finance its projects and programs under this Act and for this purpose, to issue  
7 bonds, promissory notes and other forms of securities, and to secure the same by  
8 a guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its  
9 property or assets;

10 ~~[(i)]~~ h) To protect, preserve, maintain and develop the forests, beaches, coral and coral  
11 reefs, and maintain ecological balance within the Bulacan Ecozone.  
12 Notwithstanding the authority of the BACSEZFA to create rules for such purpose,  
13 the rules and regulations of the Department of Environment and Natural Resources  
14 (DENR) and other government agencies involved in the above functions shall be  
15 implemented by the BACSEZFA;

16 ~~[(j)]~~ i) To create, operate or contract to operate such functional units or offices of the  
17 BACSEZFA as it may deem necessary;

18 ~~[(k)]~~ j) To adopt, alter and use a corporate seal; contract, lease, buy, acquire, own or  
19 otherwise dispose of personal and/or real property of whatever nature; sue and be  
20 sued; and otherwise carry out its functions and duties as provided for in this Act;

21 ~~[(l)]~~ k) To issue certificates of origin for products manufactured or processed in the  
22 Bulacan Ecozone in accordance with prevailing rules of origin and the pertinent  
23 regulations of the PEZA, the DTI and/or the Department of Finance (DOF);

24 ~~[(m)]~~ l) To establish one-stop shops for the issuance of all necessary permits, clearances,  
25 licenses, and other similar certifications to conduct such activities intended to  
26 improve the ease of doing business within the Bulacan Ecozone, in coordination  
27 with government agencies having jurisdiction over activities therein: *Provided, That*  
28 all government agencies are directed to provide and extend utmost and full  
29 cooperation to the Bulacan Ecozone in the establishment of such one-stop shops;

30 ~~[(n)]~~ m) To provide internal security to the Bulacan Ecozone in coordination with the

1 National government and affected LGU. For this purpose, the BACSEZFA shall  
2 provide and establish its own internal security and firefighting forces or hire others  
3 to provide the same. Military forces to be assigned by the National Government for  
4 national defense purposes shall not interfere in the internal affairs of the Bulacan  
5 Ecozone and expenditures for these military forces shall be borne by the National  
6 Government;

7 [e]) n) To exercise such powers as may be essential, necessary or incidental to the  
8 powers granted to it hereunder, as well as those that shall enable it to carry out,  
9 implement and accomplish the purposes, objectives and policies of this Act; and

10 [p]) o) To issue rules and regulations consistent with the provisions of this Act as may be  
11 necessary to accomplish and implement the purposes, objectives and policies  
12 provided herein.

13 **SEC. 10. Board of Directors of the BACSEZFA.** - The powers of the  
14 BACSEZFA shall be vested in and exercised by a Board of Directors, hereinafter  
15 referred to as the Board, which shall be composed of the following:

16 a) The Chairperson, who shall at the same time be the administrator of the  
17 BACSEZFA;

18 b) A Vice Chairperson who shall be elected from among the Members of the Board of  
19 Directors;

20 c) Members consisting of:

21 1) The Socioeconomic Planning Secretary or a designated representative of the  
22 National Economic and Development Authority (NEDA);

23 2) The Secretary or a designated representative of the DTI;

24 3) The Secretary or a designated representative of the DOF;

25 4) One (1) representative from the Province of Bulacan;

26 5) One (1) representative from business sector whose business is located within  
27 the legislative district covering the premises of the Bulacan Ecozone;

28 6) One (1) representative from the Municipality of Bulakan;

29 7) One (1) representative from the domestic investors in the Bulacan Ecozone;

30 8) One (1) representative from the foreign investors in the Bulacan Ecozone; and

31 9) One (1) representative from the workers working in the Bulacan Ecozone.

1           The Chairperson and the members of the Board shall be appointed by the  
2 President of the Philippines to serve for a term of six (6) years, unless sooner separated  
3 from service due to death, voluntary resignation or removal for cause. In case of death,  
4 resignation or removal for cause, their replacements shall serve only the unexpired  
5 portion of the respective terms.

6           Except for the representatives from the business and labor sectors, no person  
7 shall be appointed by the President of the Philippines as a member of the Board unless  
8 he is a Filipino citizen, of good moral character, of proven probity and integrity, and a  
9 degree-holder in any of the following fields: economics, business, public administration,  
10 law, management or their equivalent, and with at least ten (10) years relevant working  
11 experience preferably in the field of management or public administration.

12           The members of the Board shall each receive *per diem* at rates to be determined  
13 by the Department of Budget and Management (DBM) in accordance with existing rules  
14 and regulations: *Provided, however,* That the total *per diem* collected each month shall  
15 not exceed the equivalent *per diem* for four (4) meetings. Unless and until the President  
16 of the Philippines has fixed a higher *per diem* for the members of the Board, such *per*  
17 *diem* shall not be more than ten thousand pesos (P10,000.00) for every Board meeting.

18           **SEC. 11. *Organization and Personnel.*** – The Board of Directors of the  
19 BACSEZFA shall provide for its organization and staff. The Board shall appoint and fix  
20 the remuneration and other emoluments of its officers and employees in accordance with  
21 existing laws on compensation and position classification. The Board shall have  
22 exclusive and final authority to promote, transfer, assign, reassign, or remove officers of  
23 the BACSEZFA, any provision of existing law to the contrary notwithstanding. The  
24 Chairperson-Administrator shall execute the decisions of the Board.

25           The officers and employees of the BACSEZFA, including all members of the  
26 Board, shall not engage directly or indirectly in partisan activities nor take part in any  
27 election, except to vote.

28           No officer or employee of the BACSEZFA, subject to civil service laws and  
29 regulations, shall be removed or suspended except for cause, as provided by civil service law  
30 and regulations.





1 registered enterprise shall be entitled to an investor's visa: *Provided*, That the foreign  
2 national:

- 3 a) Must be at least eighteen (18) years of age;
- 4 b) Must not have been convicted by final judgment of a crime involving moral  
5 turpitude;
- 6 c) Must not be afflicted with any loathsome, dangerous or contagious disease;
- 7 d) Must not have been institutionalized for any mental disorder or disability;  
8 and
- 9 e) Must be financial capable as borne out by credible and verifiable evidence.

10 A foreign national may reside in the Philippines while the investment subsists. To  
11 prove this, the foreign national should submit an annual report in the form duly  
12 prescribed for the purpose. Should said investments be withdrawn from the Philippines,  
13 the investor's visa issued to said foreign national shall automatically expire and/or be  
14 withdrawn.

15 The authority to issue visas and work permits shall remain with the Bureau of  
16 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:  
17 *Provided*, That the BI and the DOLE shall implement measures to expedite the  
18 processing of such visas and permits for workers in the Bulacan Ecozone and coordinate  
19 with the BACSEZFA for the purpose of improving ease of doing business.

20 **SEC.15. Fiscal Incentives.** - Registered enterprises operating within the  
21 Bulacan Ecozone may be entitled to the existing pertinent fiscal incentives granted under  
22 [~~Executive Order No. 226, as amended, otherwise known as the Omnibus Investments Code of~~  
23 ~~1987, and to such other fiscal incentives as may be provided by law.] TITLE XIII (TAX~~  
24 ~~INCENTIVES) OF THE NATIONAL INTERNAL REVENUE CODE OF 1997, AS AMENDED BY~~  
25 ~~REPUBLIC ACT NO. 11534, OTHERWISE KNOWN AS THE "CORPORATE RECOVERY AND~~  
26 ~~TAX INCENTIVES FOR ENTERPRISES ACT".~~

27 **SEC. 16. Administration, Implementation and Monitoring of Incentives.** - In  
28 the interest of enhancing transparency in the management and accounting of tax  
29 incentives in the Bulacan Ecozone, and ensuring the proper administration,  
30 management, enforcement, implementation and monitoring of tax incentives, the  
31 BACSEZFA shall comply with the provisions of [~~Republic Act No. 10708, otherwise~~  
32 ~~known as the "Tax Incentives Management and Transparency Act (TIMTA)" and its implementing~~  
33 ~~rules and regulations]~~ REPUBLIC ACT NO. 11534, OTHERWISE KNOWN AS THE

1 "CORPORATE RECOVERY AND TAX INCENTIVES FOR ENTERPRISES ACT".

2 The BOC shall set up and establish a customs-controlled area outside the  
3 premises of the Bulacan Ecozone to facilitate payment of duties and taxes on goods  
4 entering the Philippine customs territory: *Provided*, That notwithstanding the limitations  
5 on this Act, the BACSEZFA and BOC may coordinate and jointly implement measures  
6 on border protection.

7 **SEC. 17. *Banking Rules and Regulations.*** – Banks and financial institutions to  
8 be established in the Bulacan Ecozone shall be under the supervision of the BSP and  
9 subject to existing banking laws, rules and regulations.

10 **SEC. 18. *Remittances.*** - In the case of foreign investments, a duly registered  
11 entity or enterprise within the Bulacan Ecozone shall have the right to remit earnings  
12 from the investment in the currency in which the investment was originally made and at  
13 the exchange rate prevailing at the time of remittance, subject to the provisions of  
14 Republic Act No. 7653, otherwise known as "The New Central Bank Act" as amended.

15 **CHAPTER IV**  
16 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

17 **SEC. 19. *Supervision and Control.*** - For purposes of policy direction and  
18 coordination, the BACSEZFA shall be under the direct supervision and control of the  
19 Office of the President of the Philippines.

20 **SEC. 20. *Relationship with Local Government Units.*** – Except as herein  
21 provided, the LGUs comprising the Bulacan Ecozone shall retain their basic autonomy  
22 and identity. The Municipality of Bulakan, Province of Bulacan, shall operate and  
23 function in accordance with the framework of the Constitution, Local Government Code  
24 of 1991, and this Act.

25 In case of any conflict among the BACSEZFA and the LGUs and the National  
26 Government on matters affecting the Bulacan Ecozone, other than national defense and  
27 security matters, the decision of the BACSEZFA shall prevail.

28 **SEC. 21. *Audit.*** - The Commission on Audit shall appoint a full-time auditor in the  
29 BACSEZFA or may assign such number of personnel as may be necessary in the  
30 performance of their functions.

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**CHAPTER V  
MISCELLANEOUS**

3           **SEC. 22. *Interpretation and Construction.*** - The powers, authorities and  
4 functions that are vested in the BACSEZFA are intended to establish national self-  
5 sufficiency and self-reliance in the advancement of and protection of the national  
6 integrity, enhancement of national security, decentralization of governmental functions  
7 and authority, and promote an efficient and effective working relationship among the  
8 BACSEZFA, the National Government and the LGUs. Any interpretation of this Act shall  
9 consider such intentions. In the event of conflict of interpretation and provided the  
10 intentions cannot be harmonized, the provisions of this Act shall be construed in favor of  
11 an interpretation that would tend to protect national security.

12           **SEC. 23. *Applicability Clause.*** - Insofar as these are consistent with the  
13 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916  
14 otherwise known as "The Special Economic Zone Act of 1995" shall likewise apply to the  
15 Bulacan Ecozone.

16           **SEC. 24. *Implementing Rules and Regulations.*** - The DTI, DOF and the  
17 NEDA shall formulate the implementing rules and regulations of this Act.

18           **SEC. 25. *Separability Clause.*** - If any provision of this Act shall be held  
19 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full  
20 force and effect.

21           **SEC. 26. *Repealing Clause.*** - All laws, executive orders or issuances or any  
22 part thereof, which are inconsistent herewith, are hereby repealed or amended  
23 accordingly.

24           **SEC. 27. *Effectivity.*** - This Act shall take effect fifteen (15) days after its  
25 publication in the *Official Gazette* or in a newspaper of general circulation.

26           Approved,