

Republic of the Philippines
House of Representatives
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

COMMITTEE REPORT NO. 1226

Submitted by the Committee on Economic Affairs, Committee on Trade and Industry, Committee on Appropriations, and Committee on Ways and Means on September 16, 2021

Re: House Bill No. 10233

Recommending its approval in substitution of House Bill No. 3239.

Sponsors: Representatives Sharon S. Garin, John Reynald M. Tiangco, Eric Go Yap, Joey Sarte Salceda, and Janice Z. Salimbangon

Mr. Speaker:

The Committee on Economic Affairs, Committee on Trade and Industry, Committee on Appropriations, and Committee on Ways and Means, to which was referred House Bill No. 3239 introduced by Representative Janice Z. Salimbangon, entitled:

"AN ACT ESTABLISHING THE SPECIAL ECONOMIC ZONE IN THE 4TH DISTRICT OF CEBU PROVINCE, CREATING FOR THIS PURPOSE THE 4TH DISTRICT SPECIAL ECONOMIC ZONE AUTHORITY, APPROPRIATING FUNDS THEREFOR, AND FOR OTHER PURPOSES",


have considered the same and recommend the approval of House Bill No. 10233 entitled:

"AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF MEDELLIN, PROVINCE OF CEBU, CREATING FOR THE PURPOSE THE CEBU FOURTH DISTRICT SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR"


in substitution of House Bill No. 3239 with Representatives Janice Z. Salimbangon, Sharon S. Garin, John Reynald M. Tiangco, Joey Sarte Salceda, Eric Go Yap, Weslie Gatchalian, Rosanna "Ria" V. Vergara, Teodorico T. Haresco, Jr., Junie E. Cua, Jericho Jonas B. Nograles, Estrellita B. Suansing, Jose Francisco "Kiko" B. Benitez, Antonio "Tonypet" T. Albano, Erico Aristotle C. Aumentado, Presley C. De Jesus, Edgar M. Chatto, Stella Luz A. Quimbo, Raul V. Del Mar+, Gerardo "Gerryboy" J. Espina Jr., Amihilda J. Sangcopan, Michael B. Gorriceta, Jose Gay G. Padiernos, Alyssa Sheena P. Tan, Julianne "Jam" L. Baronda, Mark O. Go, Jesus "Bong" C. Suntay, Allan Benedict S. Reyes, Ma. Theresa V. Collantes, Leonardo L. Babasa, Manuel F. Zubiri, Braeden John Q. Biron, Kristine Singson-Meehan, Jose Enrique "Joet" S. Garcia III, France L. Castro, Camille A. Villar, Franz "Chicoy" E. Alvarez, Emmarie "Lolypop" M. Ouano-Dizon, Allan U. Ty, Michael John R. Duavit, Juis N. Campos, Jr., Manuel T. Sagarbarria, Manuel Luis T. Lopez, Leo Rafael M. Cueva, Strike B. Revilla, Elisa "Olga" T. Kho, Eric L. Olivarez, Eric M. Martinez, Francisco Jose "Bingo" F. Matugas II, Rogelio "Ruel" D. Pacquiao, Marisol C. Panotes, Antonino G. Calixto, Jumel Anthony I. Espino, Alfredo A. Garbin, Jr., Christian S. Unabia, Jake Vincent


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Respectfully submitted,


JOHN REYNALD M. TIANGCO
Chairperson
Committee on Trade and Industry


SHARON S. GARIN
Chairperson
Committee on Economic Affairs


ERIC GO YAP
Chairperson
Committee on Appropriations


JOEY SARTE SALCEDA
Chairperson
Committee on Ways and Means

THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
Quezon City

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. 10233

(in substitution of House Bill No. 3239)

By REPRESENTATIVES JANICE Z. SALIMBANGON, SHARON S. GARIN, JOHN REYNALD M. TIANGCO, JOEY SARTE SALCEDA, ERIC GO YAP, WESLIE GATCHALIAN, ROSANNA "RIA" V. VERGARA, TEODORICO T. HARESCO, JR., JUNIE E. CUA, JERICHO JONAS B. NOGRALES, ESTRELLITA B. SUANSING, JOSE FRANCISCO "KIKO" B. BENITEZ, ANTONIO "TONYPET" T. ALBANO, ERICO ARISTOTLE C. AUMENTADO, PRESLEY C. DE JESUS, EDGAR M. CHATTO, STELLA LUZ A. QUIMBO, RAUL V. DEL MAR+, GERARDO "GERRYBOY" J. ESPINA JR., AMIHILDA J. SANGCOPAN, MICHAEL B. GORRICETA, JOSE GAY G. PADIERNOS, ALYSSA SHEENA P. TAN, JULIENNE "JAM" L. BARONDA, MARK O. GO, JESUS "BONG" C. SUNTAY, ALLAN BENEDICT S. REYES, MA. THERESA V. COLLANTES, LEONARDO L. BABASA, MANUEL F. ZUBIRI, BRAEDEN JOHN Q. BIRON, KRISTINE SINGSON-MEEHAN, JOSE ENRIQUE "JOET" S. GARCIA III, FRANCE L. CASTRO, CAMILLE A. VILLAR, FRANZ "CHICOY" E. ALVAREZ, EMMARIE "LOLYPOP" M. OUANO-DIZON, ALLAN U. TY, MICHAEL JOHN R. DUAVIT, JUIS N. CAMPOS, JR., MANUEL T. SAGARBARRIA, MANUEL LUIS T. LOPEZ, LEO RAFAEL M. CUEVA, STRIKE B. REVILLA, ELISA "OLGA" T. KHO, ERIC L. OLIVAREZ, ERIC M. MARTINEZ, FRANCISCO JOSE "BINGO" F. MATUGAS II, ROGELIO "RUEL" D. PACQUIAO, MARISOL C. PANOTES, ANTONINO G. CALIXTO, JUMEL ANTHONY I. ESPINO, ALFREDO A. GARBIN, JR., CHRISTIAN S. UNABIA, JAKE VINCENT VILLA, SHIRLYN L. BAÑAS-NOGRALES, SABINIANO S. CANAMA, ROGER G. MERCADO, SHERNEE A. TAN, GABRIEL H. BORDADO, JR., ANGELINA "HELEN" D.L. TAN, M.D., JOY MYRA S. TAMBUNTING, ALLEN JESSE C. MANGAOANG, RUFUS B. RODRIGUEZ, ANTHONY PETER "ONYX" D. CRISOLOGO, JOHN MARVIN "YUL SERVO" C. NIETO, MICAELA C. VIOLAGO, SERGIO C. DAGOOC, CHERYL P. DELOSO-MONTALLA, JOSE "JUN" L. ONG, JR., RICO B. GERON, ARNIE B. FUENTEBELLA, HORACIO P. SUANSING, JR., RONNIE L. ONG, EVELINA G. ESCUDERO, ROSE MARIE "BABY" J. ARENAS, ALFEL M. BASCUG, AND LOREN LEGARDA

AN ACT

ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF MEDELLIN, PROVINCE OF CEBU, CREATING FOR THE PURPOSE THE CEBU FOURTH DISTRICT SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

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

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2

**CHAPTER I
GENERAL PROVISIONS**

1 Fourth District Ecozone shall be developed into and operated as a decentralized,
2 self-reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist,
3 banking, financial, and investment center with suitable residential areas;
4

5 b) The Cebu Fourth District Ecozone shall be equipped with transportation,
6 telecommunications, and other facilities needed to attract legitimate and productive
7 investments, generate linkage industries and employment opportunities for the
8 people of the Municipality of Medellin, Province of Cebu, and those in neighboring
9 towns and cities;

10
11 c) The Cebu Fourth District Ecozone may establish mutually beneficial economic
12 relations with other entities or enterprises within the country or, subject to the
13 administrative guidance of the Department of Foreign Affairs, the Philippine
14 Economic Zone Authority (PEZA), and the Department of Trade and Industry (DTI),
15 with foreign entities or enterprises;

16
17 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may
18 set up enterprises in the Cebu Fourth District Ecozone, either by themselves or in a
19 joint venture with Filipinos in any sector of industry, international trade and
20 commerce within the Cebu Fourth District Ecozone;

21
22 e) The Cebu Fourth District Ecozone shall be managed and operated as a separate
23 customs territory thereby ensuring the free flow or movement of goods and capital
24 within, into and out of its territory, and shall likewise provide incentives subject to
25 Title XIII of the National Internal Revenue Code, as amended. However, exportation
26 or removal of goods from the territory of the Cebu Fourth District Ecozone to the
27 other parts of the Philippine territory shall be subject to customs duties and taxes
28 under Republic Act No. 10863, otherwise known as the "Customs Modernization and
29 Tariff Act" and other relevant tax laws of the Philippines;

30
31 f) The areas comprising the Cebu Fourth District Ecozone may be expanded or
32 reduced when necessary through a presidential proclamation issued for the said
33 purpose. For this purpose, the CFDEZA, in consultation with the LGU, shall have the
34 power to acquire either by purchase, negotiation or condemnation proceedings, any
35 private land within or adjacent to the Cebu Fourth District Ecozone for the following
36 purposes: (1) consolidation of lands for zone development; (2) acquisition of right of
37 way to the Cebu Fourth District Ecozone; and (3) the protection of watershed areas

1 and natural assets valuable to the prosperity of the Cebu Fourth District Ecozone;

2
3 g) Goods manufactured by a Cebu Fourth District Ecozone enterprise may be made
4 available for immediate retail sale in the domestic market, subject to the payment of
5 corresponding taxes on raw materials and other regulations that may be formulated
6 by the CFDEZA, in coordination with the PEZA, the Bureau of Customs, the Bureau
7 of Internal Revenue, and the DTI. However, in order to protect domestic industries,
8 a Negative List of industries shall be drawn up and regularly updated by the PEZA.
9 Enterprises engaged in industries included in such Negative List shall not be allowed
10 to sell their products locally; and

11 h) The defense and security of the Cebu Fourth District Ecozone and its perimeter shall
12 be the responsibility of the national government, in coordination with the CFDEZA
13 and the concerned LGU.
14

15 **SEC. 6. *Development Goals of the Cebu Fourth District Ecozone.*** - The
16 CFDEZA shall determine the development goals of the Cebu Fourth District Ecozone
17 within the framework of national development plans, policies, and goals. The Chairperson-
18 Administrator shall, upon approval by the Board of CFDEZA, submit the plans, programs,
19 and projects of the Cebu Fourth District Ecozone to the Regional Development Council for
20 inclusion in the regional development plan.
21

22 **SEC. 7. *Capitalization.*** - The CFDEZA shall have an authorized capital stock of
23 two billion (2,000,000,000.00) no par shares with a minimum issue of Ten pesos
24 (Php10.00) each, the majority shares of which shall be subscribed and paid for by the
25 national government and the LGU embracing the Cebu Fourth District Ecozone. The
26 Board of Directors of the CFDEZA may, with the written concurrence of the Secretary of
27 Finance, sell shares representing not more than forty *per centum* (40%) of the capital stock
28 of the CFDEZA to the general public under such policy as the Board and the Secretary of
29 Finance may determine. The national government and the LGU of the Municipality of
30 Medellin shall in no case own less than sixty *per centum* (60%) of the total issued and
31 outstanding capital of the CFDEZA.
32

33 The amount necessary to subscribe and pay for the shares of the national
34 government to the capital stock of the CFDEZA shall be included in the General
35 Appropriations Act. For the LGU of the Municipality of Medellin, the funds shall be taken
36 from their internal revenue allotment and other local funds.

1
2 **SEC. 8. *Principal Office of the CFDEZA.*** - The CFDEZA shall maintain its
3 principal office in the Municipality of Medellin, Province of Cebu, but it may establish liaison
4 offices within the Philippines as may be necessary for the proper conduct of its business.
5

6 **SEC. 9. *Powers and Functions of the CFDEZA.*** - The CFDEZA shall have the
7 following powers and functions:
8

- 9 a) To operate, administer, manage, and develop the Cebu Fourth District Ecozone
10 according to the principles and provisions set forth in this Act;
11
- 12 b) To register, regulate, and supervise the enterprises in the Cebu Fourth District
13 Ecozone in an efficient and decentralized manner, subject to existing laws;
14
- 15 c) To coordinate with the LGU and exercise general supervision over the development
16 plans, activities, and operations of the Cebu Fourth District Ecozone;
17
- 18 d) To regulate and undertake the establishment, construction, operation, and
19 maintenance of public utilities, other services, and infrastructures in the Cebu Fourth
20 District Ecozone such as light and power, shipping, barging, stevedoring, cargo
21 handling, hauling, warehousing, storage of cargo, port services or concessions,
22 piers, wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,
23 telecommunications, transport, bridges, terminals, conveyors, water supply and
24 storage, sewerage, drainage, and airport operations, in coordination with the Civil
25 Aviation Authority of the Philippines, and such other services or concessions or
26 infrastructure necessary or incidental to the accomplishment of the objectives of this
27 Act;
28
- 29 e) To construct, acquire, own, lease, operate, and maintain on its own or through
30 contracts, franchise, licenses, bulk purchase from the private sector or permits under
31 any of the schemes allowed in Republic Act No. 6957, otherwise known as the “Build-
32 Operate-Transfer Law”, as amended, or joint venture, adequate facilities and
33 infrastructure required or needed for the operation and development of the Cebu
34 Fourth District Ecozone, in coordination with appropriate national and local
35 government authorities and in conformity with applicable laws;
36
- 37 f) To approve plans, programs, and projects of the Cebu Fourth District Ecozone to be

1 submitted to the Regional Development Council for inclusion in the regional
2 development plan;

3
4 g) To operate on its own, either directly or through licenses to others, tourism-related
5 activities, including games, amusements, recreational and sports facilities, subject
6 to the approval and supervision of the Philippine Amusement and Gaming
7 Corporation;

8
9 h) To raise or borrow, within the limitation provided for by law, and subject to the
10 approval of the Monetary Board of the *Bangko Sentral ng Pilipinas* (BSP), as the
11 case may be, adequate and necessary funds from local or foreign sources, to finance
12 its projects and programs under this Act and for this purpose, to issue bonds,
13 promissory notes, and other forms of securities, and to secure the same by a
14 guarantee, pledge, mortgage, deed of trust or an assignment of all or part of its
15 property or assets;

16
17 i) To protect, preserve, maintain, and develop the forests, beaches, corals and coral
18 reefs, and maintain ecological balance within the Cebu Fourth District Ecozone.
19 Notwithstanding the power of the CFDEZA to create rules for such purpose, the rules
20 and regulations of the Department of Environment and Natural Resources and other
21 government agencies involved in the above functions shall be implemented by the
22 CFDEZA;

23
24 j) To create, operate or contract to operate such functional units or offices of the
25 CFDEZA as it may deem necessary;

26
27 k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or
28 otherwise dispose of personal or real property of whatever nature; sue and be sued;
29 and otherwise carry out its functions and duties as provided for in this Act;

30
31 l) To issue certificates of origin for products manufactured or processed in the Cebu
32 Fourth District Ecozone in accordance with prevailing rules of origin and the pertinent
33 regulations of the PEZA, the DTI, and the Department of Finance (DOF);

34
35 m) To establish one-stop shops for the issuance of all necessary permits, clearances,
36 licenses, and other similar certifications to conduct such activities intended to
37 improve the ease of doing business within the Cebu Fourth District Ecozone, in

1 coordination with government agencies having jurisdiction over activities therein:
2 *Provided*, That all government agencies are directed to provide and extend utmost
3 and full cooperation to the CFDEZA in the establishment of such one-stop shops;
4

5 n) To ensure that the area covered by the Cebu Fourth District Ecozone is secure at all
6 times: *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine
7 National Police (PNP) shall not interfere in the internal affairs of the CFDEZA except
8 to provide the necessary security and defense, or law enforcement assistance, as
9 the case may be: *Provided, finally*, That expenses of the AFP or the PNP in the Cebu
10 Fourth District Ecozone shall be borne by the national government;
11

12 o) To exercise such powers as may be essential, necessary or incidental to the powers
13 granted to it by this Act, as well as those that shall enable it to carry out, implement
14 and accomplish the purposes, objectives, and policies set forth in this Act; and
15

16 p) To issue rules and regulations consistent with the provisions of this Act as may be
17 necessary to accomplish and implement the purposes, objectives, and policies
18 provided herein.
19

20 **SEC. 10. Board of Directors of the CFDEZA.** - The powers of the CFDEZA shall
21 be vested in and exercised by a Board of Directors, hereinafter referred to as the Board,
22 which shall be composed of the following:
23

- 24 a) A Chairperson, who shall at the same time be the administrator of the CFDEZA;
25 b) A Vice-Chairperson who shall be elected from among the members of the Board of
26 Directors;
27 c) Members consisting of:
28 1) The Governor of the Province of Cebu or a duly-authorized representative from
29 the Provincial Government of Cebu;
30 2) The mayor of the Municipality of Medellin;
31 3) One (1) representative from the investors' group; and
32 4) One (1) representative from among the workers in the Cebu Fourth District
33 Ecozone.
34

35 The Governor or the Governor's duly authorized representative and the mayor of
36 the Municipality of Medellin shall serve as *ex officio* members of the Board, whose terms
37 in the Board shall correspond to their terms as elected officials.

1
2 The Chairperson-Administrator and the members of the Board, except for the
3 representatives of the investors and workers groups and the *ex officio* members, shall be
4 appointed by the President of the Philippines to serve for a term of six (6) years, unless
5 sooner separated from service due to death, voluntary resignation or removal for cause.
6 In case of death, resignation or removal for cause, their replacements shall serve only the
7 unexpired portion of the respective terms. No person shall be appointed as a member of
8 the Board unless the person is a Filipino citizen, of good moral character, of proven probity
9 and integrity, and a degree holder in any of the following fields: economics, business,
10 public administration, law, management or their equivalent, and with at least ten (10) years
11 relevant working experience, preferably in the field of management or public
12 administration.

13
14 The members of the Board, except the *ex officio* members, shall each receive a
15 *per diem* allowance at rates to be determined by the Department of Budget and
16 Management in accordance with existing rules and regulations: *Provided, however,* That
17 the total *per diem* allowance collected each month shall not exceed the equivalent of four
18 (4) meetings. Unless and until the President of the Philippines fixes a higher rate for the
19 *per diem* allowance of the members of the Board, such allowance shall not be more than
20 Ten thousand pesos (Php10,000.00) for every Board meeting.

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

29
30 The officers and employees of the CFDEZA, including all members of the Board,
31 shall not engage directly or indirectly in partisan activities nor take part in any election,
32 except to vote.

33
34 No officer or employee of the CFDEZA shall be removed or suspended except for
35 cause, as provided for by civil service rules and regulations.

36 **SEC. 12. Powers and Duties of the Chairperson-Administrator.** – The

1 Chairperson-Administrator shall have the following powers and duties:

- 2
- 3 a) To direct and manage the affairs of the CFDEZA in accordance with the policies of
- 4 the Board;
- 5
- 6 b) To establish the internal organization of the CFDEZA under such conditions that
- 7 the Board may prescribe;
- 8
- 9 c) To submit an annual budget and necessary supplemental budget to the Board for
- 10 its approval;
- 11
- 12 d) To submit within thirty (30) days after the close of each fiscal year an annual report
- 13 to the Board and such other reports as may be required;
- 14
- 15 e) To submit to the Board for its approval, policies, systems, procedures, rules, and
- 16 regulations that are essential to the operation of the Cebu Fourth District Ecozone;
- 17
- 18 f) To recommend to the Board the remuneration and other emoluments of its officers
- 19 and employees in accordance with existing laws on compensation and position
- 20 classification;
- 21
- 22 g) To create a mechanism in coordination with relevant agencies for the promotion of
- 23 industrial peace, the protection of the environment, and the advancement of the
- 24 quality of life in the Cebu Fourth District Ecozone; and
- 25
- 26 h) To perform such other duties as may be assigned by the Board or which are
- 27 necessary or incidental to the office.
- 28

29 **SEC. 13. Legal Counsel.** - The CFDEZA shall have its own internal legal counsel
30 who shall be under the supervision of the Government Corporate Counsel. When the
31 exigencies of business and operations demand it, the CFDEZA may engage the services
32 of an outside counsel either on a case-to-case basis or on a fixed retainer basis.

34 CHAPTER III

35 INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS

36
37 **SEC. 14. Investor's Visa.** - Any foreign national who invests an amount of Two

1 hundred thousand US dollars (US\$200,000.00) in a registered enterprise, either in cash
2 or equipment, shall be entitled to an investor's visa: *Provided*, That the foreign national
3 has the following qualifications:

- 4
- 5 a) Must be at least eighteen (18) years of age;
 - 6 b) Must not have been convicted by final judgment of a crime involving moral turpitude;
 - 7 c) Must not be afflicted with any dangerous or contagious disease;
 - 8 d) Must not have been confined in an institution for any mental disorder or disability;
 - 9 and
 - 10 e) Must be financially capable as borne out by credible and verifiable evidence.
- 11

12 With an investor's visa, an alien shall be entitled to reside in the Philippines while
13 the investment subsists. The alien investor shall submit an annual report, in the form duly
14 prescribed for the purpose, to prove that the investment in the country subsists. Should
15 said alien investor withdraw the investments from the Philippines, then the investor's visa
16 issued to said alien shall automatically expire and be withdrawn.

17

18 The authority to issue visas and work permits shall remain with the Bureau of
19 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
20 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing
21 of such visas and permits for workers in the Cebu Fourth District Ecozone and coordinate
22 closely with the CFDEZA to facilitate the conduct of business operations.

23

24 **SEC. 15. Fiscal Incentives.** - Registered enterprises of the Cebu Fourth District
25 Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax
26 Incentives) of the National Internal Revenue Code, as amended.

27

28 **SEC. 16. Banking Rules and Regulations Governing Banks and Other**
29 **Financial Institutions.** - Banks and other BSP-supervised financial institutions to be
30 established in the Cebu Fourth District Ecozone shall be under the supervision of the BSP
31 and subject to existing banking laws, rules and regulations.

32

33 **SEC. 17. Remittances.** - In the case of foreign investments, a duly registered
34 entity or enterprise within the Cebu Fourth District Ecozone shall have the right to remit
35 earnings to its investors in the currency in which the investment was originally made and
36 at the exchange rate prevailing at the time of remittance, subject to the provisions of
37 Republic Act No. 7653, otherwise known as the "New Central Bank Act" as amended.

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CHAPTER IV
NATIONAL GOVERNMENT AND OTHER ENTITIES

5 **SEC. 18. *Supervision and Control.*** - For purposes of policy direction and
6 coordination, the CFDEZA shall be under the direct control and supervision of the Office
7 of the President of the Philippines.

9 **SEC. 19. *Relationship with the Local Government Unit.*** – Except as herein
10 provided, the LGU of the Municipality of Medellin shall retain its basic autonomy and
11 identity. It shall operate and function in accordance with the framework of the Constitution,
12 the Local Government Code of 1991, as amended, and this Act.

14 In case of any conflict among the CFDEZA, the LGU and the national government
15 on matters affecting the Cebu Fourth District Ecozone, other than national defense and
16 security matters, the decision of the CFDEZA shall prevail.

18 **SEC. 20. *Audit.*** - The Commission on Audit shall appoint a full-time auditor for the
19 CFDEZA and may assign such number of personnel as may be necessary to assist the
20 auditor in the performance of the auditor's functions.

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24

CHAPTER V
MISCELLANEOUS

25 **SEC. 21. *Interpretation and Construction.*** - The powers, authorities and
26 functions that are vested in the CFDEZA are intended to enhance national security,
27 encourage self-sufficiency, foster meaningful decentralization of government
28 functions and authority, and promote the efficient and effective collaboration
29 among the CFDEZA, the national government and the LGU of the Municipality of
30 Medellin. Any interpretation of this Act shall consider such intentions. In the event of
31 conflict of interpretation and provided the intentions cannot be harmonized, the provisions
32 of this Act shall be construed in favor of an interpretation that shall protect national
33 security.

34
35 **SEC. 22. *Applicability Clause.*** – Insofar as they are consistent with the
36 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,

1 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall likewise
2 apply to the Cebu Fourth District Ecozone.

3
4 **SEC. 23. *Implementing Rules and Regulations.*** - Within sixty (60) days from
5 effectivity of this Act, the DTI shall, in coordination with the DOF and the National
6 Economic and Development Authority, formulate rules and regulations for the effective
7 implementation of the provisions of this Act.

8
9 **SEC. 24. *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
11 force and effect.

12
13 **SEC. 25. *Repealing Clause.*** - All laws, executive orders or issuances or any part
14 thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

15
16 **SEC. 26. *Effectivity.*** - This Act shall take effect fifteen (15) days after its
17 publication in the *Official Gazette* or in a newspaper of general circulation.

18
19 Approved,

FACT SHEET

House Bill No. 10233

(In substitution of House Bill No. 3239)

AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF MEDELLIN, PROVINCE OF CEBU, CREATING FOR THE PURPOSE THE CEBU FOURTH DISTRICT SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR

Introduced by **REPRESENTATIVE JANICE Z. SALIMBANGON**
Committee Referral: **COMMITTEE ON ECONOMIC AFFAIRS (PRIMARY)**
Committee Chairperson: **REP. SHARON S. GARIN**
Committee Referral: **COMMITTEE ON TRADE AND INDUSTRY (SECONDARY)**
Committee Chairperson: **REP. JOHN REYNALD M. TIANGCO**
Committee Referral: **COMMITTEE ON APPROPRIATIONS**
Committee Chairperson: **REP. ERIC GO YAP**
Committee Referral: **COMMITTEE ON WAYS AND MEANS**
Committee Chairperson: **REP. JOEY SARTE SALCEDA**

OBJECTIVES

- To actively encourage, promote, induce, and accelerate sound and balanced industrial, economic, and social development
- To provide jobs, especially to those in the rural areas, increase their productivity and their individual family income
- To attract legitimate and productive foreign investments

KEY PROVISIONS

- Establishes the special economic zone in a particular area located in the 4th District, Province of Cebu, to be referred to as the Cebu Fourth District Ecozone, which shall be managed and operated by the Cebu Fourth District Special Economic Zone Authority (CFDEZA).
- Mandates a capitalization of two billion (2,000,000,000) no par shares with a minimum of Ten pesos (Php10.00) per share, the majority shares to be subscribed and paid for by the national government and the local government units embracing the Cebu 4th District Ecozone
- Grants fiscal and non-fiscal incentives to economic zone registered enterprises and investors

- Defines the powers and functions of the CFDEZA in coordination with concerned agencies and local government units
- Mandates the President of the Philippines to appoint the Chairperson and members of the Board, except *ex officio* members and the representatives of the investors and workers group. Except for those serving in an *ex officio* capacity, the members of the Board shall serve a term of six (6) years.

RELATED LAWS:

- Republic Act 7916, or the Special Economic Zone Act of 1995, as amended by Republic Act 8748
- National Internal Revenue Code of 1997
- Executive Order 226, or the Omnibus Code of Investments of 1987 as amended
- Republic Act 7653, or the New Central Bank Act as amended
- Republic Act 11534, or the Corporate Recovery and Tax Incentives for Enterprises Act (CREATE)
- Republic Act 6957, or the Build-Operate-Transfer Law
- Presidential Decree No. 442, or the Labor Code of the Philippines, as amended
- Republic Act 7160, or the Local Government Code of 1991
- Rules and Regulations implemented by the Department of Environment and Natural Resources (DENR)