



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Third Regular Session



COMMITTEE REPORT NO. 1227

Submitted by the Special Committee on Bases Conversion on September 18, 2021

Re: House Bill No. 10241

Recommending its approval in substitution of House Bills Numbered 138, 63, 2876, 4473 and 8669

Sponsors: Representatives Aurelio “Dong” D. Gonzales Jr., Geraldine B. Roman, Victor A. Yap and Ferdinand L. Hernandez

Mr. Speaker:

The Special Committee on Bases Conversion to which were referred House Bill No. 138, introduced by Representative Geraldine B. Roman, entitled:

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

House Bill No. 63, introduced by Representative Victor A. Yap, entitled:

**“AN ACT
AMENDING SECTION 15 OF REPUBLIC ACT NO. 7227, AS
AMENDED, OTHERWISE KNOWN AS THE BASES CONVERSION
AND DEVELOPMENT ACT OF 1992”;**

House Bill No. 2876, introduced by Representative Ferdinand L. Hernandez, entitled:

**“AN ACT
RATIONALIZING THE POWERS OF THE SUBIC BAY
METROPOLITAN AUTHORITY, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 7227, OTHERWISE KNOWN AS THE BASES
CONVERSION AND DEVELOPMENT ACT OF 1992, AS AMENDED”;**

House Bill No. 4473, introduced by Representative Francis Gerald A. Abaya, entitled:

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

House Bill No. 8669, introduced by Representative Aurelio, “Dong” D. Gonzales, Jr. entitled:

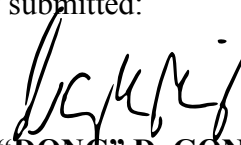
**“AN ACT
STRENGTHENING THE BASES CONVERSION AND DEVELOPMENT
AUTHORITY, AMENDING FOR THE PURPOSE REPUBLIC ACT NO.
7227, OTHERWISE KNOWN AS THE ‘BASES CONVERSION AND
DEVELOPMENT ACT OF 1992’, AS AMENDED”**

has considered the same and recommends that the attached House Bill No. 10241,
entitled:

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

be approved in substitution of House Bills Numbered 138, 63, 2876, 4473 and 8669 with Representatives, Geraldine B. Roman, Victor A. Yap, Ferdinand L. Hernandez, Francis Gerald A. Abaya, Aurelio “Dong” D. Gonzales, Jr., Mark O. Go, Joey Sarte Salceda, John Marvin “Yul Servo” C. Nieto, Julienne “Jam” Baronda and Diogracias Victor B. Savellano as authors thereof.

Respectfully submitted:



AURELIO “DONG” D. GONZALES JR.
Chairperson
Special Committee on Bases Conversion

**THE HONORABLE SPEAKER
HOUSE OF REPRESENTATIVES
QUEZON CITY**



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

EIGHTEENTH CONGRESS
Third Regular Session

HOUSE BILL NO. **10241**
(in substitution of House Bills Numbered 138, 63, 2876, 4473 and 8669)

Introduced by Representatives Geraldine B. Roman, Victor A. Yap, Ferdinand L. Hernandez, Francis Gerald A. Abaya, Aurelio “Dong” D. Gonzales, Jr., Mark O. Go, Joey Sarte Salceda, John Marvin “Yul Servo” C. Nieto, Julienne “Jam” Baronda and Diogracias Victor “DV” B. Savellano

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

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

1 **SECTION 1.** Section 3 of Republic Act (RA) No. 7227, as amended, is further
2 amended to read as follows:

3 “SEC. 3. *Creation of the Bases Conversion and Development Authority.* - There
4 is hereby created a body corporate to be known as the Bases Conversion and
5 Development Authority, hereinafter referred to as the Conversion Authority,
6 which shall have the attribute of perpetual succession and shall be vested with
7 the powers of a corporation.

8 “It shall be organized within thirty (30) days after approval of this Act. It
9 shall have a term of [~~fifty years from its organization~~] **ONE HUNDRED (100)**
10 **YEARS FROM ITS CREATION, WHICH MAY BE FURTHER**

1 **EXTENDED BY LAW:** *Provided*, That Congress, by a joint resolution, may
2 dissolve the Conversion Authority whenever in its judgement, the primary
3 purpose for its creation has been accomplished. It shall establish its principal
4 office in Metropolitan Manila [~~unless otherwise provided by the Conversion~~
5 ~~Authority]~~ and may put up such branches as may be necessary.”

6 **SEC. 2.** Section 5 of the same Act, is hereby amended to read as follows;

7 “SEC. 5. *Powers of the Conversion Authority.* – To carry out its
8 objectives under this Act, the Conversion Authority is hereby vested with the
9 following powers:

10 “x x x

11 “(m) To promulgate all rules and regulations; [~~and]~~

12 “(n) [~~To perform such to perform such other powers as may be~~
13 ~~necessary and proper to carry out the purposes of this act.]~~ **TO FORMULATE**
14 **EFFECTIVE GUIDELINES AND STRATEGIES FOR THE**
15 **IMMEDIATE RECOVERY AND POSSESSION OF PROPERTIES**
16 **TRANSFERRED TO IT BY THE STATE AND OCCUPIED BY**
17 **PRIVATE INDIVIDUALS OR ENTITIES, TO ENSURE TIMELY**
18 **COMPLETION AND DELIVERY OF THE PROJECTS COVERED BY**
19 **THE CONVERSION AND DEVELOPMENT PLAN OF THE**
20 **CONVERSION AUTHORITY;**

21 **“(O) TO GRANT FINANCIAL ASSISTANCE TO QUALIFIED**
22 **PROJECT-AFFECTED PEOPLE (PAP), INCLUDING CLAIMANTS**
23 **OR OWNERS OF STRUCTURES AND IMPROVEMENTS WHO DO**
24 **NOT HAVE LEGALLY RECOGNIZED RIGHTS TO THE LAND**
25 **UNDER THE MANAGEMENT OF THE CONVERSION AUTHORITY;**

1 “(P) TO DETERMINE THE AMOUNT OF FINANCIAL
2 ASSISTANCE TO BE GRANTED TO THE PAP, AND TO ENTER
3 INTO A COMPROMISE AGREEMENT WITH CLAIMANTS WHO
4 ARE IN POSSESSION OF THE LAND UNDER THE MANAGEMENT
5 OF THE CONVERSION AUTHORITY OR ANY PORTION THEREOF,
6 SUBJECT TO ITS CONVERSION AND DEVELOPMENT PLAN; AND

7 “(Q) TO PERFORM SUCH OTHER POWERS AS MAY BE
8 NECESSARY AND PROPER TO CARRY OUT THE PURPOSES OF
9 THIS ACT.”

10 **SEC. 3.** Section 6 of the same Act is hereby amended to read as follows:

11 “SEC. 6. *Capitalization.* – The Conversion Authority shall have an
12 authorized capital of [~~One Hundred Billion Pesos~~] **SIX HUNDRED BILLION**
13 **PESOS (P600,000,000,000.00)**, which may be fully subscribed by the Republic
14 of the Philippines [~~and shall either be paid up from the proceeds of the sales of~~
15 ~~its land assets as provided for in Section 8 of this Act or by transferring to the~~
16 ~~Conversion Authority properties valued in such amount.~~] **EITHER IN CASH,**
17 **PROPERTY, OR SHARE FROM THE SALE OF ITS LAND.**

18 “x x x.”

19 **SEC. 4.** Section 12 of the same Act is further amended to read as follows:

20 “SEC. 12. *Subic Special Economic Zone.* – Subject to the concurrence
21 by resolution of the *Sangguniang Panlungsod* of the City of Olongapo and the
22 *Sangguniang Bayan* of the Municipalities of Subic, Morong and Hermosa, there
23 is hereby created a Special Economic and Freeport Zone consisting of the City
24 of Olongapo and the Municipality of Subic, Province of Zambales, the lands
25 occupied by the Subic Naval Base and its contiguous extensions as embraced,

1 covered, and defined by the 1947 Military Bases Agreement between the
2 Philippines and the United States of America as amended, and within the
3 territorial jurisdiction of the Municipalities of Morong and Hermosa, Province
4 of Bataan, hereinafter **TO BE** referred to as the Subic Special Economic Zone
5 **(SSEZ)** whose metes and bounds shall be delineated in a proclamation to be
6 issued by the President of the Philippines. Within thirty (30) days after the
7 approval of this Act, each local government unit shall submit its resolution of
8 concurrence to join the [~~Subic Special Economic Zone~~] SSEZ to the Office of
9 the President. Thereafter, the President of the Philippines shall issue a
10 proclamation defining the metes and bounds of the zone as provided herein.

11 **THE MUNICIPALITIES OF SAN ANTONIO, SAN MARCELINO**
12 **AND CASTILLEJOS OF THE PROVINCE OF ZAMBALES AND THE**
13 **MUNICIPALITIES OF MORONG, HERMOSA, AND DINALUPIHAN**
14 **OF THE PROVINCE OF BATAAN MAY, BY RESOLUTION OF THEIR**
15 **RESPECTIVE *SANGGUNANG BAYAN*, CEDE IN WHOLE OR IN**
16 **PART, FOR A PERIOD OF NOT LESS THAN FIFTY (50) YEARS,**
17 **THEIR SELECTED MUNICIPAL TERRITORIES TO THE SUBIC**
18 **SPECIAL ECONOMIC ZONE: *PROVIDED*, THAT THE LOCAL**
19 **GOVERNMENT UNITS OF THE CEDED AREAS SHALL RETAIN**
20 **THEIR BASIC AUTONOMY AND IDENTITY AS SET FORTH UNDER**
21 **SECTION 12, PARAGRAPH (a) AND (i) HEREIN, SUBJECT TO THE**
22 **PROVISIONS OF SECTION 14 PARAGRAPH (a) AND (b) OF THIS**
23 **ACT.**

24 “The [~~abovementioned zone~~] SSEZ shall be subject to the following
25 policies:

1 “(a) Within the framework and subject to the mandate and limitations of
2 the Constitution and the pertinent provisions of the Local Government Code, the
3 ~~[Subic Special Economic Zone]~~ **SSEZ** shall be developed into a self-sustaining,
4 industrial, commercial, financial and investment center to generate employment
5 opportunities in and around the zone and to attract and promote productive
6 foreign **AND DOMESTIC** investments;

7 “(b) The ~~[Subic Special Economic Zone]~~ **SSEZ** shall be operated and
8 managed as a separate customs territory ensuring free flow or movement of
9 goods and capital within, into and exported out of the ~~[Subic Special Economic~~
10 ~~Zone]~~ **SSEZ**, as well as provide incentives such as tax and duty-free importations
11 of raw materials, capital and equipment. However, exportation or removal of
12 goods from the territory of the ~~[Subic Special Economic Zone]~~ **SSEZ** to the other
13 parts of the Philippine territory shall be subject to customs duties and taxes under
14 ~~[the Tariff and Customs Code of the Philippines, as amended,]~~ **REPUBLIC**
15 **ACT NO. 10863, OTHERWISE KNOWN AS THE “CUSTOMS**
16 **MODERNIZATION AND TARIFF ACT,”** the National Internal Revenue Code
17 of 1997, as amended, and other relevant tax laws of the Philippines;

18 “(c) The provision of existing laws, rules and regulations to the contrary
19 notwithstanding, no national and local taxes **OF ANY KIND OR NATURE**
20 shall be imposed within the ~~[Subic Special Economic Zone]~~ **SSEZ**. In lieu of
21 said taxes, a five percent (5%) tax on gross income earned shall be paid by all
22 **REGISTERED** business enterprises within the ~~[Subic Special Economic Zone]~~
23 **SSEZ** and shall be remitted as follows: three percent (3%) to the National
24 Government; and two percent (2%) to the Subic Bay Metropolitan Authority
25 (SBMA) for distribution to the local government units affected by the declaration

1 of and contiguous to the zone, namely: the City of Olongapo and the
2 municipalities of Subic, San Antonio, San Marcelino and Castillejos of the
3 Province of Zambales; and the municipalities of Morong, Hermosa and
4 Dinalupihan of the Province of Bataan, on the basis of population [~~(50%)~~] **40%**,
5 land area [~~(25%)~~] **40%**, and equal sharing [~~(25%)~~] **20%**.

6 “In case of conflict between national and local laws with respect to tax
7 exemption privileges in the [~~Subic Special Economic Zone~~] **SSEZ**, the same
8 shall be resolved in favor of the latter;

9 “(d) x x x;

10 “(e) x x x;

11 “(f) x x x;

12 “(g) Any investor within the [~~Subic Special Economic Zone~~] **SSEZ**
13 whose continuing investment shall not be less than Two hundred fifty thousand
14 dollars (\$250,000.00), [~~his/her~~] **THE INVESTOR’S** spouse and dependent
15 children under twenty-one (21) years of age, shall be granted permanent resident
16 status within the [~~Subic Special Economic Zone~~] **SSEZ**. They shall have
17 freedom of ingress and egress to and from the [~~Subic Special Economic Zone~~]
18 **SSEZ** without any need of special authorization from the Bureau of Immigration
19 [~~and deportation~~]. The [~~Subic Bay Metropolitan Authority referred to in Section~~
20 ~~13 of this Act~~] **SBMA** may also issue working visas renewable every two (2)
21 years to foreign executives and other aliens possessing highly-technical skills
22 which no Filipino within the [~~Subic Special Economic Zone~~] **SSEZ** possesses,
23 as certified by the Department of Labor and Employment. The names of aliens
24 granted permanent residence status and working visas by the [~~Subic Bay~~

1 ~~Metropolitan Authority]~~ SBMA shall be reported to the Bureau of Immigration
2 ~~[and Deportation]~~ within thirty (30) days after issuance thereof;

3 “(h) The defense of the zone and the security of its perimeters shall be
4 the responsibility of the National Government in coordination with the ~~[Subic~~
5 ~~Bay Metropolitan Authority]~~ SBMA. ~~[The Subic Bay Metropolitan Authority~~
6 ~~shall provide and establish its own internal security and fire fighting forces;~~
7 ~~and]~~ **IN THE EVENT THAT MILITARY ASSISTANCE IS NECESSARY**
8 **IN SECURING THE ZONE, THE EXPENSES TO BE INCURRED IN**
9 **LINE WITH THE PROVISION OF SUCH ASSISTANCE SHALL BE**
10 **BORNE BY THE NATIONAL GOVERNMENT: PROVIDED, THAT THE**
11 **MILITARY SHALL NOT INTERFERE IN THE INTERNAL AFFAIRS**
12 **OF SBMA EXCEPT TO PROVIDE THE NECESSARY DEFENSE AND**
13 **SECURITY ASSISTANCE.**

14 **“THE SBMA SHALL ALSO PROVIDE AND ESTABLISH ITS**
15 **OWN FIREFIGHTING FORCE WITHIN THE SUBIC BAY FREEPORT**
16 **ZONE;**

17 “(i) Except as herein provided, the local government units comprising the
18 ~~[Subic Special Economic Zone]~~ SSEZ shall retain their basic autonomy and
19 identity. The cities shall be governed by their respective charters and the
20 municipalities shall operate and function in accordance with Republic Act No.
21 7160, otherwise known as the “*Local Government Code of 1991*”;

22 **SEC. 5.** New sections denominated as Section 12-A and 12-B are inserted after
23 Section 12 of the same Act, to read as follows:

24 **“SEC. 12-A. INTERNAL SECURITY DEPARTMENT. - THE SBMA**
25 **SHALL PROVIDE AND ESTABLISH ITS OWN LAW ENFORCEMENT**

1 DEPARTMENT WHICH SHALL EXERCISE POLICE AUTHORITY
2 WITHIN THE SUBIC BAY FREEPORT ZONE. IT SHALL EXERCISE
3 THE FOLLOWING FUNCTIONS:

4 “(1) MAINTAIN PEACE AND ORDER, ENSURE PUBLIC
5 SAFETY AND IMPLEMENT ALL LAWS, AND RULES
6 AND REGULATIONS OF THE SBMA;

7 “(2) REGULATE THE INGRESS AND EGRESS TO, FROM AND
8 WITHIN THE SUBIC BAY FREEPORT ZONE;

9 “(3) EXERCISE THE GENERAL POWERS TO CONDUCT
10 SEARCH AND SEIZURE WITHIN THE SUBIC BAY
11 FREEPORT ZONE IN ACCORDANCE WITH THE
12 CONSTITUTION AND PERTINENT LAWS;

13 “(4) EFFECT THE ARREST OF CRIMINAL OFFENDERS
14 ACCORDING TO STANDARD AND LAWFUL
15 PROCEDURES, INVESTIGATE AND PREVENT CRIMES
16 OCCURRING WITHIN THE SUBIC BAY FREEPORT
17 ZONE AND ASSIST IN THE PROSECUTION THEREOF.”

18 “SEC. 12-B. *ESTABLISHMENT OF TRIAL COURT BRANCHES* -
19 THE SUPREME COURT MAY DESIGNATE A BRANCH OF THE
20 REGIONAL TRIAL COURT AND MUNICIPAL TRIAL COURT IN
21 EACH OF THE LOCAL GOVERNMENT UNITS COMPRISING THE
22 SSEZ TO HANDLE CASES FILED BY OR INVOLVING THE SBMA OR
23 ITS RESIDENTS OR REGISTERED BUSINESS ENTERPRISES ON
24 ANY MATTER OR INCIDENT OCCURRING WITHIN THE SSEZ.”

25 SEC. 6. Section 13 of the same Act is hereby amended to read as follows:

1 “SEC. 13. *The Subic Bay Metropolitan Authority.* –

2 “(a) *Creation of the Subic Bay Metropolitan Authority.* – A body
3 corporate to be known as the Subic Bay Metropolitan Authority (**SBMA**) is
4 hereby created as an operating and implementing arm of the Conversion
5 Authority.

6 “(b) *Powers and Functions of the [~~Subic Bay Metropolitan Authority~~]*
7 ***SBMA.*** – [~~The Subic Bay Metropolitan Authority, otherwise known as the Subic~~
8 ~~Authority, shall have the following powers and functions:]~~ **EXCEPT AS**
9 **OTHERWISE PROVIDED UNDER THIS ACT, THE SBMA SHALL**
10 **HAVE AUTHORITY AND JURISDICTION OVER ALL ECONOMIC**
11 **ACTIVITIES WITHIN THE SSEZ. IT SHALL EXERCISE THE**
12 **FOLLOWING POWERS AND FUNCTIONS:**

13 “(1) [~~To operate]~~ **OPERATE**, administer, manage and develop the
14 ship repair and ship building facility, container port, oil storage and
15 refueling facility and Subic Air Base within the [~~Subic Special Economic~~
16 ~~and Free Port Zone]~~ **SSEZ** as a free market in accordance with the
17 policies set forth in Section 12 of this Act;

18 “(2) **INSPECT AND REGISTER, UNDER THE FLAG OF**
19 **THE REPUBLIC OF THE PHILIPPINES, LEISURE SHIPS AND**
20 **PLEASURE YACHTS OF ANY SHIP OWNER, WHETHER A**
21 **NATURAL OR JURIDICAL PERSON, AND IRRESPECTIVE OF**
22 **NATIONALITY OR DOMICILE. FOR THIS PURPOSE, THE**
23 **SBMA SHALL ADMINISTER AND MAINTAIN AN OPEN**
24 **REGISTER OF LEISURE SHIPS AND PLEASURE YACHTS**
25 **SUBJECT TO SUCH RULES AND REGULATIONS TO BE**

1 **PROMULGATED BY THE SBMA IN CONSULTATION WITH**
2 **THE DEPARTMENT OF TRANSPORTATION, IN**
3 **ACCORDANCE WITH THE REQUIREMENTS OF THE**
4 **CONSTITUTION;**

5 “~~([2] 3) [To accept]~~ **ACCEPT** any local or foreign investment,
6 business or enterprise **AND ADMINISTER AND IMPLEMENT**
7 **INCENTIVES GRANTED TO REGISTERED BUSINESS**
8 **ENTERPRISES**, subject only to such rules and regulations to be
9 promulgated by the ~~[Subic Authority]~~ **SBMA** ~~[in conformity with the~~
10 ~~policies of the Conversion Authority]~~ without prejudice to the
11 nationalization requirements provided for in the Constitution;

12 “~~([3] 4) [To undertake]~~ **UNDERTAKE** ~~[and regulate the~~
13 ~~establishment, operation and maintenance of utilities, other services and~~
14 ~~infrastructure in the Subic Special Economic Zone including shipping and~~
15 ~~related business, stevedoring and port terminal services or concessions,~~
16 ~~incidental there to and airport operations in coordination with the Civil~~
17 ~~Aeronautics Board, and to fix just and reasonable rates, fares, charges and~~
18 ~~other prices therefor;]~~ **ON ITS OWN OR THROUGH CONTRACT,**
19 **FRANCHISE, LICENSE, OR PERMIT, THE ESTABLISHMENT,**
20 **OPERATION AND MAINTENANCE OF UTILITIES IN THE**
21 **SSEZ, THE FACILITIES AND INFRASTRUCTURE USED IN THE**
22 **CONDUCT OF THESE SERVICES AND BUSINESS ACTIVITIES,**
23 **AND FIX AND IMPOSE JUST AND REASONABLE RATES,**
24 **FARES, CHARGES AND OTHER PRICES PERTAINING TO THE**
25 **FOLLOWING SERVICES:**

1 “(i) INTERNET-RELATED SERVICES, WEBSITE AND
2 CLOUD DATA HOSTING SERVICES AND OTHER
3 TELECOMMUNICATION SERVICES: *PROVIDED*,
4 THAT THE NATIONAL TELECOMMUNICATIONS
5 COMMISSION SHALL CONTINUE TO EXERCISE ITS
6 POWER TO REGULATE AND SUPERVISE THE
7 QUALITY, SAFETY, RELIABILITY, SECURITY,
8 COMPATIBILITY AND INTER-OPERABILITY OF
9 PUBLIC TELECOMMUNICATIONS, RADIO
10 STATIONS FOR BOTH PRIVATE AND PUBLIC USE,
11 RADIO SPECTRUM, RADIO AND TELEVISION
12 BROADCAST STATIONS, CABLE TELEVISIONS AND
13 PAY TELEVISIONS WITHIN THE SSEZ;

14 “(ii) SHIPPING AND MARITIME BUSINESS AND
15 ACTIVITIES, INCLUDING STEVEDORING AND PORT
16 TERMINAL SERVICES OR CONCESSIONS:
17 *PROVIDED*, THAT THE MARITIME INDUSTRY
18 AUTHORITY SHALL CONTINUE TO EXERCISE ITS
19 POWER TO REGULATE AND SUPERVISE THE
20 SHIPBUILDING AND SHIP REPAIR WITHIN THE SSEZ
21 OF ANY MERCHANT MARINE VESSEL OPERATED
22 OR TO BE OPERATED DOMESTICALLY;

23 “(iii) AIRPORT OPERATIONS: *PROVIDED*, THAT THE
24 CIVIL AVIATION AUTHORITY OF THE PHILIPPINES
25 SHALL CONTINUE TO EXERCISE ITS POWER TO

1 **REGULATE AND SUPERVISE THE SAFETY,**
2 **QUALITY, RELIABILITY AND AFFORDABILITY OF**
3 **AIR TRANSPORT SERVICES WITHIN THE SSEZ;**

4 **“(iv) WATER SUPPLY AND DISTRIBUTION FACILITIES,**
5 **LAND TRANSPORTATION OPERATIONS, TOLL**
6 **ROADS AND BRIDGES OPERATIONS;**

7 **“(**[4] 5) ~~[To construct]~~ **CONSTRUCT**, acquire, own, lease,
8 operate and maintain on its own or through contract, franchise, license
9 permits bulk purchase from the private sector and build-operate-transfer
10 scheme or joint-venture the required utilities and infrastructure in
11 coordination with local government units and appropriate government
12 agencies concerned and in conformity with existing applicable laws
13 therefor;

14 **“(**[5] 6) ~~[To adopt]~~ **ADOPT**, alter and use a corporate seal; ~~[to]~~
15 contract, lease sell, dispose, acquire and own properties; ~~[to]~~ sue and be
16 sued in order to carry out its duties and functions as provided for in this
17 Act and to exercise the power of eminent domain for public use and public
18 purpose;

19 **“(**[6] 7) Within the limitation provided by law, ~~[to]~~ raise [and/] or
20 borrow the necessary funds from local and international financial
21 institutions, ~~and to~~ issue bonds, promissory notes and other securities [for
22 that purpose,] and to secure the same by guarantee, pledge, mortgage, deed
23 of trust, or assignment of its properties held by the ~~[Subic Authority]~~
24 **SBMA** for the purpose of financing its projects and programs within the
25 framework and limitations of this Act;

1 “~~([7] 8) [To operate]~~ **OPERATE** directly or indirectly or ~~[license]~~
2 **ISSUE LICENSES TO OPERATE** tourism-related
3 **INFRASTRUCTURES AND** activities, ~~[subject to priorities and~~
4 ~~standards set by the Subic Authority]~~ including games, ~~[and]~~ amusements,
5 ~~[except]~~ **RECREATIONAL AND SPORTS FACILITIES SUCH AS**
6 horse racing, dog racing, ~~[and]~~ casino ~~[gambling which shall continue to~~
7 ~~be licensed by the Philippine Amusement and Gaming Corporation~~
8 ~~(PAGCOR) upon recommendation of the Conversion Authority;]~~ **AND**
9 **ONLINE GAMING, GOLF COURSES, DUTY FREE STORES,**
10 **WITHIN THE SSEZ AND UNDER THE PRIORITIES AND**
11 **STANDARDS SET FORTH BY THE SBMA** ~~[to maintain and preserve~~
12 ~~the forested areas as a national park];~~

13 “~~([8] 9) [To authorize the establishment of appropriate educational~~
14 ~~and medical institutions]~~ **UNDERTAKE AND REGULATE**
15 **THROUGH FRANCHISE, LICENSE OR PERMIT, AND SET OR**
16 **FIX JUST, REASONABLE AND COMPETITIVE RATES, FARES,**
17 **AND CHARGES FOR THE ESTABLISHMENT, OPERATION**
18 **AND MAINTENANCE OF OTHER SERVICES WITHIN THE**
19 **SSEZ, INCLUDING THOSE PROVIDED BY EDUCATIONAL AND**
20 **MEDICAL INSTITUTIONS, SUBJECT TO COMPLIANCE WITH**
21 **THE REQUIREMENTS OF THE DEPARTMENT OF**
22 **EDUCATION, COMMISSION ON HIGHER EDUCATION, THE**
23 **DEPARTMENT OF HEALTH; AND ESTABLISH AND CONDUCT**
24 **FORMAL AND INFORMAL TRAINING OR EDUCATIONAL**
25 **COURSES: PROVIDED, THAT FORMAL COURSES SHALL BE**

1 **SUBJECT TO ACCREDITATION OR APPROVAL BY THE**
2 **APPROPRIATE GOVERNMENT AGENCY FOR RECOGNITION**
3 **OF CREDITS;**

4 “~~[(9]~~ **10)** Protect, **PRESERVE**, maintain and develop the virgin
5 forests within the baselands ~~[which will be]~~ **THAT ARE PROCLAIMED**
6 **AND MAINTAINED** as a national park and **ARE** subject to a permanent
7 total log ban, and for this purpose, **IMPLEMENT** the rules and
8 regulations of the Department of Environment and Natural Resources and
9 other government agencies directly involved in the ~~[above functions shall~~
10 ~~be implemented by the Subic Authority]~~ **PROTECTION,**
11 **PRESERVATION AND MAINTENANCE OF FORESTS AND**
12 **NATIONAL PARKS;**

13 “~~[(10]~~ **11)** ~~[To adopt]~~ **ADOPT** and implement measures and
14 standards for environmental pollution control of all areas within its
15 territory, including ~~[but not limited to]~~ all bodies of water and ~~[to]~~ enforce
16 the same, **AND** ~~[F]~~for ~~[which]~~ **THIS** purpose, ~~[the Subic Authority shall~~
17 ~~create an Ecology Center and]~~ **ISSUE THE ENVIRONMENTAL**
18 **COMPLIANCE CERTIFICATE FOR ALL NON-**
19 **ENVIRONMENTALLY CRITICAL ACTIVITIES AND**
20 **PROJECTS, TREE CUTTING PERMIT, DISCHARGE PERMIT**
21 **AND PERMIT TO OPERATE IN THE SSEZ;**

22 “**(12)** **RECLAIM LANDS IN THE SSEZ INCLUDING**
23 **FORESHORE AND SUBMERGED AREAS BY DREDGING,**
24 **FILLING OR OTHER MEANS IN COMPLIANCE WITH ALL**
25 **ENVIRONMENTAL LAWS AND GUIDELINES, AND ACQUIRE,**

1 **DEVELOP, IMPROVE, ADMINISTER, DEAL-IN, SUBDIVIDE**
2 **AND LEASE RECLAIMED LANDS INSIDE THE SSEZ:**
3 ***PROVIDED*, THAT THE LAND RECLAIMED BY A REGISTERED**
4 **ENTERPRISE IN EXCESS OF TWENTY (20) HECTARES OR THE**
5 **ACTUAL COST OF WHICH EXCEEDS ONE BILLION PESOS**
6 **(P1,000,000,000.00) MAY BE LEASED BY THE SBMA TO THE**
7 **SAID REGISTERED ENTERPRISE FOR A PERIOD OF NINETY-**
8 **NINE (99) YEARS;**

9 **“(13) PROVIDE FOR, OPERATE, OR ADMINISTER SUCH**
10 **SERVICES, AS MAY BE NECESSARY FOR THE EFFICIENT,**
11 **ECONOMICAL AND BENEFICIAL UTILIZATION OF THE**
12 **RECLAIMED AREAS IN THE SSEZ; AND**

13 ~~“(14) Exercise such powers as may be essential, necessary~~
14 **or incidental to the powers granted to it [hereunder] UNDER THIS ACT,**
15 **as well as to carry out the policies and objectives of this Act.**

16 ~~“(14) UNLESS OTHERWISE PROVIDED FOR IN THIS~~
17 **ACT, THE SBMA SHALL BE THE SINGLE AUTHORITY**
18 **RESPONSIBLE FOR THE IMPLEMENTATION AND**
19 **ENFORCEMENT OF THIS ACT, AND OTHER ISSUANCES**
20 **PROMULGATED BY THE SBMA BOARD OF DIRECTORS;**
21 **PRESIDENTIAL DECREE NO. 1096, OR THE “*NATIONAL***
22 ***BUILDING CODE OF THE PHILIPPINES*,” AS AMENDED; AND**
23 **REPUBLIC ACT NO. 9514 OR THE “*FIRE CODE OF THE***
24 ***PHILIPPINES OF 2008*,” INSOFAR AS THESE LAWS, RULES**
25 **AND REGULATIONS ARE APPLICABLE TO THE SBMA, THE**

1 **SSEZ AND SUBIC BAY FREEPORT BUSINESS ENTERPRISES,**
2 **LOCATORS, RESIDENTS, AND STAKEHOLDERS.**

3 ~~“(11) To exercise such powers as may be essential, necessary or~~
4 ~~incidental to the powers granted to it hereunder, as well as to carry out the~~
5 ~~policies and objectives of this Act.]~~

6 “(c) *Board of Directors.* – The powers of the ~~[Subic Authority]~~ **SBMA**
7 shall be vested in and exercised by a Board of Directors ~~[, hereinafter referred to~~
8 ~~as the Board, which shall be]~~ composed of ~~[fifteen (15)]~~ **SEVENTEEN (17)**
9 members, ~~[to wit]~~ **AS FOLLOWS:**

10 “(1) ~~[Representatives of the local government units that concur to~~
11 ~~join the Subic Special Economic Zone]~~ **A PROFESSIONAL**
12 **MANAGER AS FULL-TIME CHAIRPERSON WHO SHALL ALSO**
13 **BE THE ADMINISTRATOR AND CHIEF EXECUTIVE OFFICER**
14 **OF THE SBMA. THE COMPENSATION OF THE**
15 **ADMINISTRATOR AND CHIEF EXECUTIVE OFFICER SHALL**
16 **BE DETERMINED BY THE SBMA BOARD OF DIRECTORS**
17 **SUBJECT TO THE APPROVAL OF THE SECRETARY OF**
18 **BUDGET AND MANAGEMENT;**

19 “(2) Two (2) representatives from the National Government;

20 “(3) Five (5) representatives from the private sector ~~[coming from~~
21 ~~the present naval stations, public works center, ship repair facility, naval~~
22 ~~supply depot and naval air station]; [and]~~

23 “(4) ~~[The remaining balance to complete the Board shall be~~
24 ~~composed of representatives from the business and investment sectors]~~
25 **ONE (1) REPRESENTATIVE EACH FROM THE FOLLOWING**

1 **LOCAL GOVERNMENT UNITS THAT ELECTED TO JOIN THE**
2 **SSEZ: THE CITY OF OLONGAPO AND THE MUNICIPALITIES**
3 **OF CASTILLEJOS, SAN ANTONIO, SAN MARCELINO AND**
4 **SUBIC OF THE PROVINCE OF ZAMBALES; AND THE**
5 **MUNICIPALITIES OF MORONG, HERMOSA AND**
6 **DINALUPIHAN OF THE PROVINCE OF BATAAN: *PROVIDED,***
7 **THAT SUCH REPRESENTATIVE MUST BE A RESIDENT AND**
8 **REGISTERED VOTER OF THE LOCAL GOVERNMENT UNIT**
9 **BEING REPRESENTED; AND**

10 **“(5) ONE (1) REPRESENTATIVE FROM THE**
11 **INDIGENOUS PEOPLES RESIDING WITHIN THE SSEZ.**

12 “The [~~chairman and the~~] members of the Board **OF DIRECTORS** shall
13 be appointed by the President to serve for a **FIXED** term of six (6) years, unless
14 sooner removed for cause, except for the representatives of the local government
15 units who shall serve for a **FIXED** term of three (3) years. In case of removal
16 for cause, the replacement shall serve only the unexpired portion of the term. **IN**
17 **THE EXIGENCY OF THE SERVICE, THE MEMBERS OF THE BOARD**
18 **OF DIRECTORS SHALL CONTINUE TO SERVE IN A HOLD-OVER**
19 **CAPACITY UPON THE EXPIRATION OF THEIR RESPECTIVE**
20 **TERMS UNTIL THEIR REPLACEMENTS SHALL HAVE BEEN**
21 **APPOINTED AND QUALIFIED.**

22 “No person shall be appointed as a member of the Board **OF**
23 **DIRECTORS** unless [~~he~~] **THE APPOINTEE** is a Filipino citizen, of good
24 moral character, **AT LEAST A COLLEGE GRADUATE**, and of recognized
25 competence in relevant fields **SUCH AS** [~~including, but not limited to,~~]

1 economics, FINANCE, management, international relations, law, ~~[or]~~
2 engineering~~], ENVIRONMENT AND ECOLOGY, OR INDIGENOUS~~
3 PEOPLES CONCERNS. ~~[Preference in the appointment of the members of~~
4 ~~the Board shall be given to residents within the Subic Special Economic Zone.]~~

5 ~~“[Members of the Board shall receive a *per diem* of not more than Five~~
6 ~~thousand pesos (P5,000) for every board meeting: *Provided, however,* That the~~
7 ~~*per diem* collected per month does not exceed the equivalent of four (4)~~
8 ~~meetings: *Provided, further,* That the amount of *per diem* for every board~~
9 ~~meeting may be increased by the President: *Provided, finally,* That the amount~~
10 ~~of *per diem* shall not be increased within two (2) years after its last increase.]~~

11 **EXCEPT FOR THE CHAIRPERSON, THE MEMBERS OF THE BOARD**
12 **OF DIRECTORS ARE ENTITLED TO PER DIEM ALLOWANCES AND**
13 **OTHER BENEFITS IN ACCORDANCE WITH EXISTING POLICIES,**
14 **PRINCIPLES AND RULES GOVERNING THE COMPENSATION OF**
15 **MEMBERS OF THE BOARD OF DIRECTORS IN GOVERNMENT-**
16 **OWNED AND CONTROLLED CORPORATIONS AS MAY BE**
17 **FORMULATED BY THE GOVERNANCE COMMISSION.**

18 ~~“(d) *Chairman/Administrator.* The president shall appoint a~~
19 ~~professional manager as Administrator of the Subic Authority with a~~
20 ~~compensation to be determined by the Board subject to the approval of the~~
21 ~~Secretary of Budget, who shall be the *ex officio* chairman of the SBMA Board~~
22 ~~and who shall serve as the chief executive officer of the Subic Authority:~~
23 ~~*Provided, however,* That for the first year of its operations from the effectivity~~
24 ~~of this Act, the mayor of the City of Olongapo shall be appointed as the chairman~~
25 ~~and chief executive officer of the Subic Authority.]~~

1 “(e) **D**) *Capitalization.* – The [~~Subic Authority~~] **SBMA** shall have an
2 authorized capital stock of Twenty billion pesos (P20,000,000,000.00) divided
3 into [~~twenty~~] **TWENTY** thousand (20,000) no-par shares **TO BE** fully
4 subscribed and paid up by the Republic of the Philippines with:

5 “x x x

6 “(2) All other assets which [~~have~~] the President may transfer to the [~~Subic~~
7 ~~Authority~~] **SBMA** as part of the equity contribution of the Government; and

8 “x x x.”

9 **SEC. 7.** Section 14 of the same Act is hereby amended to read as follows:

10 “SEC. 14. *Relationship with the Conversion Authority and the Local*
11 *Government Units.* –

12 “(a) The provisions of existing laws, rules and regulations to the contrary
13 notwithstanding, the [~~Subic Authority~~] **SBMA** shall exercise administrative
14 powers, rule-making and disbursement of funds over the [~~Subic Special~~
15 ~~Economic Zone~~] **SSEZ** in conformity with the oversight function of the
16 Conversion Authority; **AND**

17 “(b) In case of conflict between the [~~Subic Authority~~] **SBMA** and the
18 local government units concerned on the matters affecting the [~~Subic Special~~
19 ~~Economic Zone~~] **SSEZ** other than defense and security, the decision of the
20 [~~Subic Authority~~] **SBMA** shall prevail.”

21 **SEC. 8.** Section 15 of the same Act, is further amended to read as follows:

22 “SEC. 15. *Clark and Other Special Economic Zones (CSEZ).* – x x x

23 “x x x

24 “The provisions of existing laws, rules and regulations to the contrary
25 notwithstanding, no national and local taxes shall be imposed on registered

1 business enterprises within the **CLARK FREEPORT ZONE (CFZ)**. In lieu of
2 said taxes, a five percent (5%) tax on gross income [~~earned~~] shall be paid by all
3 registered business enterprises within the CFZ and shall be directly remitted as
4 follows: three percent (3%) to the National Government [~~and two percent (2%)~~
5 ~~to the treasurer's office of the municipality or city where they are located~~]; **ONE**
6 **PERCENT (1%) TO THE TREASURER'S OFFICE OF THE**
7 **MUNICIPALITY OR CITY WHERE THE BUSINESS ENTERPRISES**
8 **ARE LOCATED, AND ONE PERCENT (1%) TO THE TREASURER'S**
9 **OFFICE OF THE PROVINCE WHERE THE BUSINESS ENTERPRISES**
10 **ARE LOCATED.**

11 "x x x."

12 **SEC. 9.** A new section denominated as Section 17-A is hereby inserted after Section 17
13 of RA 7227 to read as follows:

14 **"SEC. 17-A. *CONVERSION OF RESIDENTIAL LANDS.* –**
15 **RESIDENTIAL LANDS IN ECONOMIC ZONES IDENTIFIED AND**
16 **DEFINED UNDER THIS ACT, AS AMENDED, ARE DECLARED**
17 **ALIENABLE AND DISPOSABLE. THE CONVERSION AUTHORITY IS**
18 **HEREBY AUTHORIZED TO SELL THESE LANDS: *PROVIDED*, THAT**
19 **THE AREA CLASSIFIED AS ALIENABLE AND DISPOSABLE AND**
20 **SUBJECT TO SALE SHALL NOT BE MORE THAN FIVE PERCENT**
21 **(5%) OF THE LAND AREA OF EACH ECONOMIC ZONE: *PROVIDED*,**
22 ***FURTHER*, THAT EVERY THREE (3) YEARS, THE CONVERSION**
23 **AUTHORITY SHALL SUBMIT TO THE OFFICE OF THE PRESIDENT**
24 **PERIODIC UPDATES ON THE DISPOSITION OF RESIDENTIAL**
25 **LAND."**

1 SEC. 10. Within ninety (90) days from the effectivity of this Act, the following shall
2 promulgate the necessary rules and regulations for the effective implementation of the specific
3 provisions of this Act:

4 (a) The Department of Finance, in coordination with the Bureau of Internal
5 Revenue, and in consultation with the SBMA and CDC, for the necessary rules and regulations
6 implementing Sections 1 and 4 of this Act but only insofar as it amends Section 12 (c) and
7 Section 15 of Republic Act No. 7227, as amended;

8 (b) The National Commission on Indigenous Peoples, in coordination and
9 consultation with the SBMA, for the necessary rules and regulations implementing Section 3
10 of this Act but only insofar as it provides for the designation of one (1) seat in the SBMA Board
11 of Directors to represent the indigenous peoples residing within the SSEZ; and

12 (c) **THE** SBMA for the necessary rules and regulations implementing all the other
13 provisions of this Act.

14 SEC. 11. If any part or provision of this Act is declared unconstitutional or invalid, the
15 remaining parts or provisions not affected shall remain in full force and effect.

16 SEC. 12. All laws, decrees, orders, proclamations, rules and regulations or other
17 issuances or parts thereof inconsistent with the provisions of this Act, are hereby repealed or
18 modified accordingly.

19 SEC. 13. This Act shall take effect fifteen (15) days after its publication in the *Official*
20 *Gazette* or in a newspaper of general circulation.

21 Approved,

FACT SHEET

HOUSE BILL NO. 10241

An Act

Revitalizing the Bases Conversion and Development Program, Amending for the Purpose Republic Act No. 7227, as Amended, Otherwise Known as the “Bases Conversion Development Act of 1992”

Introduced by Representatives Geraldine B. Roman, Victor A. Yap, Ferdinand L. Hernandez, Francis Gerald A. Abaya, Aurelio “Dong” D. Gonzales, Jr., Mark O. Go, Joey Sarte Salceda, John Marvin “Yul Servo” C. Nieto, Julianne “Jam” Baronda and Diogracias Victor “DV” B. Savellano

Committee Referral: Special Committee on Bases Conversion
Committee Chairman: Aurelio “Dong” D. Gonzales, Jr.

OBJECTIVES:

- To ensure continuity of the mandates and the services of the Bases Conversion and Development Authority (BCDA) by extending its corporate life for another fifty (50) years.
- To reinforce and rationalize the powers and functions of BCDA being one of the prime movers of big-ticket projects which include the Build Build Build (BBB) Program of the government.
- To strengthen the administration and operational governance of the Subic Bay Metropolitan Authority (SBMA) by expanding its regulatory functions to include telecommunications and other services in the Subic Special Economic Zone (SSEZ), maritime related business and activities, and by improving its revenue collection within the SSEZ.
- To reaffirm and strengthen the powers of the SBMA in order to attain its mandate as commercial, industrial, financial and investment center that is self-sustaining and autonomous, with the end goal of serving as a platform to further spur local and national development.

KEY PROVISIONS:

- Extends the term of BCDA for another 50 years, provided, that Congress, by a joint resolution, may dissolve it whenever in its judgement the primary purpose for BCDA creation has been accomplished;
- Empowers BCDA to formulate its own guidelines and strategies that shall cause immediate recovery and possession by BCDA of properties transferred to it by the State but occupied by private individuals;
- Empowers BCDA to grant financial assistance to qualified project-affected people (PAP), and to enter into a compromise agreement with claimants including owners or possessors of structures and improvements who do not have legally recognized rights to the land of BCDA;
- Increases the authorized capital of the Conversion Authority from 100 billion to 600 billion pesos.
- Provides the municipalities of San Antonio, San Marcelino and Castillejos of the Province of Zambales, and Morong, Hermosa and Dinalupuhan of the Province of Bataan, the option to cede, in whole or in part, by resolution of their respective *Sangguniang Bayan*, their chosen land areas to the Subic Special Economic Zone (SSEZ), for the period of not less than fifty (50) years;
- Reapportions the 5% tax on gross income earned from the SSEZ as follows: 3% to the National Government; 2% to the SBMA; the 2% share of the SBMA shall be distributed to the concerned local government units on the basis of population 40% (*previously 50%*), land area 40% (*previously 25%*), and equal sharing 20% (*previously 25%*);
- Expands the powers and functions of SBMA, by providing authority and jurisdiction over all economic activities within the SSEZ;
- Provides for the reclamation of lands in the SSEZ but not limited to foreshore and submerged areas, which include, among others, dredging, filling or other means;
- Provides for the acquisition, development, improvement, administration, deal-in, subdivision and leasing of reclaimed lands inside the zone;
- Provides a more inclusive composition of the SBMA Board of Directors by creating additional seats in the Board which shall be filled up by members coming from the local government units concerned and from the indigenous peoples residing within the Subic Bay Freeport Zone; and
- Provides for alienation and disposition of residential lands which were already classified as such, provided that, the area classified as alienable and disposable shall not be more than 5% of the land area of each economic zone;

- Mandates the BCDA to submit periodic updates to the Office of the President on the disposition of residential land every three (3) years.

RELATED LAWS:

Bases Conversion and Development Act of 1992, as amended (Republic Act No. 7227)

An Act Amending RA 7227, as amended (Republic Act No. 9400)

Implementing Rules and Regulations of the Subic Special Economic Freeport Zone (SSEFZ) and the Subic Bay Metropolitan Authority (SBMA) under RA 7227

Customs Modernization and Tariff Act (RA 10863)

Omnibus Investments Code of 1987 (EO 226)

The Foreign Investments Act (RA 7042 as amended by RA 8179)

Public Land Act (Commonwealth Act 141)

Implementing Rules and Regulations, Foreign Investments Act

Investor's Lease Act (RA 7652)

Special Economic Zone Act of 1995 (RA 7916)