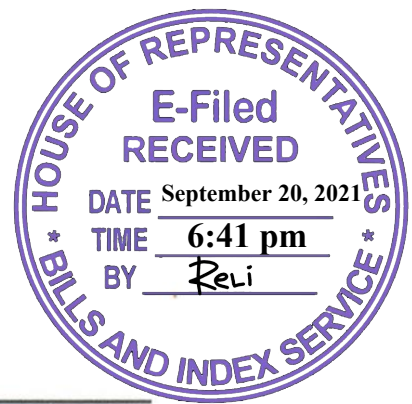


Republic of the Philippines  
House of Representatives  
Quezon City

EIGHTEENTH CONGRESS  
Third Regular Session



COMMITTEE REPORT NO. 1239

Submitted by the Committee on Economic Affairs, Committee on Trade and Industry,  
Committee on Appropriations, and Committee on Ways and Means on September 20, 2021

Re: House Bill No. 10255

Recommending its approval in substitution of House Bill No. 264.

Sponsors: Representatives Sharon S. Garin, John Reynald M. Tiangco, Eric Go Yap,  
Joey Sarte Salceda, and Josephine Y. Ramirez-Sato

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. 264 introduced by Representative Josephine Y. Ramirez-Sato, entitled:

"AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE AND FREE PORT IN  
THE MUNICIPALITY OF PALUAN, PROVINCE OF OCCIDENTAL MINDORO,  
PROVIDING FUNDS THEREFOR AND FOR OTHER PURPOSES",


have considered the same and recommend the approval of House Bill No. 10255  
entitled:

"AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE  
MUNICIPALITY OF PALUAN, PROVINCE OF OCCIDENTAL MINDORO,  
CREATING FOR THE PURPOSE THE PALUAN SPECIAL ECONOMIC ZONE  
AUTHORITY, AND APPROPRIATING FUNDS THEREFOR"

in substitution of House Bill No. 264 with Representatives Josephine Y. Ramirez-Sato,  
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, Amie B. Fuentebella, Horacio P. Suansing, Jr., Ronnie L. Ong, Evelina G. Escudero, Rose Marie "Baby" J. Arenas, Alfel M. Bascug, and Loren Legarda as authors thereof.

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. 10255**

(in substitution of House Bill No. 264)

---

By REPRESENTATIVES JOSEPHINE Y. RAMIREZ-SATO, 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 PALUAN, PROVINCE OF OCCIDENTAL MINDORO, CREATING FOR THE PURPOSE THE PALUAN 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:*

1

**CHAPTER 1**

2

**GENERAL PROVISIONS**



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

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

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

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

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

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

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

9 h) The defense of the Paluan Ecozone and the security of its perimeter fence shall be  
10 the responsibility of the national government in coordination with the PSEZA and the  
11 concerned LGUs.  
12

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

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

30 The amount necessary to subscribe and pay for the shares of the national  
31 government to the capital stock of the PSEZA shall be included in the General  
32 Appropriations Act. For the LGUs concerned, the funds shall be taken from their internal  
33 revenue allotment and other local funds.  
34

35 **SEC. 8. *Principal Office of the PSEZA.*** - The PSEZA shall maintain its principal  
36 office in the Municipality of Paluan, Province of Occidental Mindoro, but it may establish

1 liaison offices within the Philippines as may be necessary for the proper conduct of its  
2 business.

3  
4 **SEC. 9. Powers and Functions of the PSEZA.** - The PSEZA shall have the  
5 following powers and functions:

6  
7 a) To operate, administer, manage, and develop the Paluan Ecozone according to the  
8 principles and provisions set forth in this Act;

9  
10 b) To register, regulate, and supervise the enterprises in the Paluan Ecozone in an  
11 efficient and decentralized manner, subject to existing laws;

12  
13 c) To coordinate with LGUs and exercise general supervision over the development  
14 plans, activities, and operations of the Paluan Ecozone;

15  
16 d) To regulate and undertake the establishment, construction, operation, and  
17 maintenance of public utilities, other services, and infrastructure in the Paluan  
18 Ecozone such as light and power, shipping, barging, stevedoring, cargo handling,  
19 hauling, warehousing, storage of cargo, port services or concessions, piers,  
20 wharves, bulkheads, bulk terminals, mooring areas, storage areas, roads,  
21 telecommunications, transport, bridges, terminals, conveyors, water supply and  
22 storage, sewerage, drainage, airport operations in coordination with the Civil Aviation  
23 Authority of the Philippines, and such other services or concessions or infrastructure  
24 necessary or incidental to the accomplishment of the objectives of this Act;

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

33  
34 f) To approve plans, programs, and projects of the Paluan Ecozone to be submitted to  
35 the Regional Development Council for inclusion in the regional development plan;

36  
37 g) To operate on its own, either directly or through licenses to others, tourism-related

1 activities, including games, amusements, recreational and sports facilities, subject  
2 to the approval and supervision of the Philippine Amusement and Gaming  
3 Corporation;

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

12  
13 i) To protect, preserve, maintain, and develop the forests, beaches, corals, and coral  
14 reefs, and maintain ecological balance within the Paluan Ecozone. Notwithstanding  
15 the power of the PSEZA to create rules for such purpose, the rules and regulations  
16 of the Department of Environment and Natural Resources and other government  
17 agencies involved in the above functions shall be implemented by the PSEZA;

18  
19 j) To create, operate or contract to operate such functional units or offices of the  
20 PSEZA as it may deem necessary;

21  
22 k) To adopt, alter, and use a corporate seal; contract, lease, buy, acquire, own or  
23 otherwise dispose of personal or real property of whatever nature; sue and be sued;  
24 and otherwise carry out its functions and duties as provided for in this Act;

25  
26 l) To issue certificates of origin for products manufactured or processed in the Paluan  
27 Ecozone in accordance with prevailing rules of origin and the pertinent regulations  
28 of the PEZA, the DTI, and the Department of Finance (DOF);

29  
30 m) To establish one-stop shops for the issuance of all necessary permits, clearances,  
31 licenses, and other similar certifications to conduct such activities intended to  
32 improve the ease of doing business within the Paluan Ecozone, in coordination with  
33 government agencies having jurisdiction over activities therein: *Provided*, That all  
34 government agencies are directed to provide and extend utmost and full cooperation  
35 to the PSEZA in the establishment of such one-stop shops;

36  
37 n) To ensure that the area covered by the Paluan Ecozone is secure at all times:



1 *Provided*, That the Armed Forces of the Philippines (AFP) or the Philippine National  
2 Police (PNP) shall not interfere in the internal affairs of the PSEZA except to provide  
3 the necessary security and defense, or law enforcement assistance, as the case  
4 may be: *Provided, finally*, That expenses of the AFP or the PNP in the Paluan  
5 Ecozone shall be borne by the national government;

- 6
- 7 o) To exercise such powers as may be essential, necessary or incidental to the powers  
8 granted to it by this Act, as well as those that shall enable it to carry out, implement  
9 and accomplish the purposes, objectives, and policies set forth in this Act; and
  - 10
  - 11 p) To issue rules and regulations consistent with the provisions of this Act as may be  
12 necessary to accomplish and implement the purposes, objectives, and policies  
13 provided herein.
  - 14

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

- 18
- 19 a) A Chairperson, who shall at the same time be the administrator of the PSEZA;
  - 20 b) A Vice-Chairperson who shall be elected from among the members of the Board of  
21 Directors;
  - 22 c) Members consisting of:
    - 23 1) The Governor of the Province of Occidental Mindoro or a duly-authorized  
24 representative from the Provincial Government of Occidental Mindoro;
    - 25 2) One (1) of the mayors of the municipalities covered by the ecozone;
    - 26 3) One (1) representative from the investors' group; and
    - 27 4) One (1) representative from among the workers in the Paluan Ecozone.
  - 28

29 The Governor or the Governor's duly authorized representative and the mayors of  
30 the municipalities within the ecozone shall serve as *ex officio* members of the Board,  
31 whose terms in the Board shall correspond to their terms as elected officials.

32

33 The Chairperson-Administrator and the members of the Board, except for the  
34 representatives of the investors and workers groups and the *ex officio* members, shall be  
35 appointed by the President of the Philippines to serve for a term of six (6) years, unless  
36 sooner separated from service due to death, voluntary resignation or removal for cause.  
37 In case of death, resignation or removal for cause, their replacements shall serve only the

1 unexpired portion of the respective terms. No person shall be appointed as a member of  
2 the Board unless the person is a Filipino citizen, of good moral character, of proven probity  
3 and integrity, and a degree holder in any of the following fields: economics, business,  
4 public administration, law, management or their equivalent, and with at least ten (10) years  
5 relevant working experience, preferably in the field of management or public  
6 administration.

7  
8 The members of the Board, except the *ex officio* members, shall each receive *per*  
9 *diem* allowance at rates to be determined by the Department of Budget and Management  
10 in accordance with existing rules and regulations: *Provided, however,* That the total *per*  
11 *diem* allowance collected each month shall not exceed the equivalent of four (4) meetings.  
12 unless and until the President of the Philippines has fixed a higher rate for the *per diem*  
13 allowance for the members of the Board, such allowance shall not be more than Ten  
14 thousand pesos (Php10,000.00) for every Board meeting.

15  
16 **SEC. 11. *Organization and Personnel.*** – The Board of Directors of the PSEZA  
17 shall provide for its organization and staff. The Board shall appoint and fix the  
18 remuneration and other emoluments of its officers and employees in accordance with  
19 existing laws on compensation and position classification. The Board shall have exclusive  
20 and final authority to promote, transfer, assign, reassign, or remove officers of the PSEZA,  
21 any provision of existing law to the contrary notwithstanding. The Chairperson-  
22 Administrator shall execute the decisions of the Board.

23  
24 The officers and employees of the PSEZA, including all members of the Board,  
25 shall not engage directly or indirectly in partisan activities nor take part in any election,  
26 except to vote.

27  
28 No officer or employee of the PSEZA, shall be removed or suspended except for  
29 cause, as provided by civil service rules and regulations.

30 **SEC. 12. *Powers and Duties of the Chairperson-Administrator.*** – The  
31 Chairperson-Administrator shall have the following powers and duties:

- 32  
33 a) To direct and manage the affairs of the PSEZA in accordance with the policies of  
34 the Board;

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

23

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

28

29

### CHAPTER III

30

### INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS

31

32            **SEC. 14. *Investors Visa.*** - Any foreign national who invests an amount of Two  
33            hundred thousand US dollars (US\$200,000.00) in a registered enterprise, either in cash  
34            or equipment, shall be entitled to an investor's visa: *Provided*, That the foreign national  
35            has the following qualifications:

36

- 37    a)    Must be at least eighteen (18) years of age;

- 1 b) Must not have been convicted by final judgment of a crime involving moral turpitude;
- 2 c) Must not be afflicted with any dangerous or contagious disease;
- 3 d) Must not have been confined in an institution for any mental disorder or disability;
- 4 and
- 5 e) Must be financially capable as borne out by credible and verifiable evidence.

6  
7 With an investor's visa, an alien shall be entitled to reside in the Philippines while  
8 the investment subsists. The alien investor shall submit an annual report, in the form duly  
9 prescribed for the purpose, to prove that the investor the investment in the country  
10 subsists. Should said alien investor withdraw the investments from the Philippines, then  
11 the investor's visa issued to said alien shall automatically expire and be withdrawn.

12  
13 The authority to issue visas and work permits shall remain with the Bureau of  
14 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:  
15 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing  
16 of such visas and permits for workers in the Paluan Ecozone and coordinate closely with  
17 the PSEZA to facilitate the conduct of business operations.

18  
19 **SEC. 15. *Fiscal Incentives.*** - Registered enterprises of the Paluan Ecozone may  
20 be entitled to pertinent fiscal incentives granted under Title XIII (Tax Incentives) of the  
21 National Internal Revenue Code, as amended.

22  
23 **SEC. 16. *Rules and Regulations Governing Banks and Other Financial***  
24 ***Institutions.*** – Banks and other BSP-supervised financial institutions to be established in  
25 the Paluan Ecozone shall be under the supervision of the BSP and subject to existing  
26 banking laws, rules and regulations.

27  
28 **SEC. 17. *Remittances.*** - In the case of foreign investments, a duly registered  
29 entity or enterprise within the Paluan Ecozone shall have the right to remit earnings to its  
30 investors in the currency in which the investment was originally made and at the exchange  
31 rate prevailing at the time of remittance, subject to the provisions of Republic Act No. 7653,  
32 otherwise known as the “New Central Bank Act” as amended.

33  
34 **CHAPTER V**  
35 **NATIONAL GOVERNMENT AND OTHER ENTITIES**  
36

37 **SEC. 18. *Supervision and Control.*** - For purposes of policy direction and

1 coordination, the PSEZA shall be under the direct control and supervision of the Office of  
2 the President of the Philippines.

3  
4 **SEC. 19. Relationship with Local Government Units.** – Except as herein  
5 provided, the LGUs comprising the Paluan Ecozone shall retain their basic autonomy and  
6 identity. The Municipality of Paluan, Province of Occidental Mindoro, shall operate and  
7 function in accordance with the framework of the Constitution, the Local Government Code  
8 of 1991, as amended, and this Act.

9  
10 In case of any conflict among the PSEZA, the LGUs and the national government  
11 on matters affecting the Paluan Ecozone, other than national defense and security  
12 matters, the decision of the PSEZA shall prevail.

13  
14 **SEC. 20. Audit.** - The Commission on Audit shall appoint a full-time auditor for the  
15 PSEZA and may assign such number of personnel as may be necessary in the  
16 performance of the auditor's functions.

17  
18 **CHAPTER V**  
19 **MISCELLANEOUS**

20  
21 **SEC. 21. Interpretation and Construction.** - The powers, authorities and  
22 functions that are vested in the PSEZA are intended to establish national self-sufficiency  
23 and self-reliance in the advancement of and protection of the national integrity,  
24 enhancement of national security, decentralization of governmental functions and  
25 authority, and promotion of an efficient and effective working relationship among the  
26 PSEZA, the national government and the LGUs. Any interpretation of this Act shall  
27 consider such intentions. In the event of conflict of interpretation and provided the  
28 intentions cannot be harmonized, the provisions of this Act shall be construed in favor of  
29 an interpretation that shall protect national security.

30  
31 **SEC. 22. Applicability Clause.** – Insofar as they are consistent with the  
32 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,  
33 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall likewise  
34 apply to the Paluan Ecozone.

35  
36 **SEC. 23. Implementing Rules and Regulations.** - Within sixty (60) days from  
37 effectivity of this Act, the DTI shall, in coordination with the DOF and the National

1 Economic and Development Authority, formulate rules and regulations for the effective  
2 implementation of the provisions of this Act.

3

4 **SEC. 24. *Separability Clause.*** - If any provision of this Act shall be held  
5 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full  
6 force and effect.

7

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

10

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

13

14 Approved,

## FACT SHEET

### House Bill No. 10255

(In substitution of House Bill No. 264)

## **AN ACT ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE MUNICIPALITY OF PALUAN, PROVINCE OF OCCIDENTAL MINDORO, CREATING FOR THE PURPOSE THE PALUAN SPECIAL ECONOMIC ZONE AUTHORITY, AND APPROPRIATING FUNDS THEREFOR**

*Introduced by* **REPRESENTATIVE JOSEPHINE Y. RAMIREZ-SATO**  
*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 Sitio Calaunsan in Barangay Mananao, Sitio Agdilaw, and Sitio Lobo in Barangay Alipaoy of Municipality of Paluan, Province of Occidental Mindoro to be referred to as the Paluan Ecozone, which shall be managed and operated by the Paluan Special Economic Zone Authority (PSEZA).
- 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 Paluan Ecozone
- Grants fiscal and non-fiscal incentives to economic zone registered enterprises and investors

- Defines the powers and functions of the PSEZA 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)