



HOUSE OF REPRESENTATIVES

H. No. 10109

BY REPRESENTATIVES RAMIREZ-SATO, GARIN (S.), TIANGCO, SALCEDA, YAP (E.), GATCHALIAN, VERGARA, HARESCO, CUA, NOGRALES (J.J.) SUANSING (E.), BENITEZ, ALBANO (A.), AUMENTADO, DE JESUS, CHATTO, QUIMBO, DEL MAR, ESPINA, SANGCOPAN, GORRICETA, PADIERNOS, TAN (A.S.), BARONDA, GO (M.), SUNTAY, REYES, COLLANTES, BABASA, ZUBIRI, BIRON, SINGSON-MEEHAN, GARCIA (J.E.), CASTRO (F.L.), VILLAR, ALVAREZ (F.), OUANO-DIZON, TY (A.), DUAVIT, CAMPOS, SAGARBARRIA, LOPEZ, CUEVA, REVILLA, KHO (E.), OLIVAREZ, MARTINEZ, MATUGAS, PACQUIAO (R.), PANOTES, CALIXTO, ESPINO, GARBIN, UNABIA, VILLA, BAÑAS-NOGRALES, CANAMA, MERCADO, TAN-TAMBUT, BORDADO, TAN (A.), TAMBUNTING, MANGAOANG, RODRIGUEZ, CRISOLOGO, NIETO, VIOLAGO, DAGOOC, DELOSO-MONTALLA, ONG (J.), GERON, FUENTEBELLA, SUANSING (H.), ONG (R.), ESCUDERO, ARENAS, BASCUG AND LEGARDA, PER COMMITTEE REPORT NO. 1181

AN ACT
ESTABLISHING A SPECIAL ECONOMIC ZONE IN THE MUNICIPALITIES OF SAN JOSE AND MAGSAYSAY, PROVINCE OF OCCIDENTAL MINDORO, CREATING FOR THE PURPOSE THE OCCIDENTAL MINDORO 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
2

CHAPTER 1
GENERAL PROVISIONS

1 **SECTION 1. Short Title.** – This Act shall be known as the “Occidental Mindoro
2 Special Economic Zone Act.”

3

4 **SEC. 2. Declaration of Policy.** – It is declared the policy of the State to encourage,
5 promote, and accelerate the sound and balanced industrial, economic, and social
6 development of the country. The establishment of special economic zones shall attract
7 legitimate and productive foreign investments in strategic locations in the country. It shall
8 generate employment, enhance productivity, and increase individual and family incomes,
9 thereby enhancing the quality of life of the Filipino people.

10

11

CHAPTER II

12

CREATION OF THE ECONOMIC ZONE

13

14 **SEC. 3. Creation of the Occidental Mindoro Special Economic Zone.** – In
15 accordance with the foregoing declared policy and subject to the concurrence of the
16 concerned local government units (LGUs) of the Province of Occidental Mindoro, there is
17 hereby established a special economic zone, hereinafter referred to as the Occidental
18 Mindoro Special Economic Zone or Occidental Mindoro Ecozone. The Occidental Mindoro
19 Ecozone shall cover a particular area located in the Municipalities of San Jose and
20 Magsaysay, Province of Occidental Mindoro. The specific metes and bounds of the
21 Occidental Mindoro Ecozone shall be more particularly defined in a presidential
22 proclamation that shall be issued for this purpose: *Provided,* That the lands embraced
23 therein shall be contiguous to one another.

24

25 **SEC. 4. Creation of the Occidental Mindoro Special Economic Zone**
26 **Authority.** – There is hereby created a body corporate to be known as the Occidental
27 Mindoro Special Economic Zone Authority, hereinafter referred to as the OCCIMINSEZA,
28 which shall manage and operate the Occidental Mindoro Ecozone in accordance with the
29 provisions of this Act. The corporate life of the OCCIMINSEZA shall expire in fifty (50)
30 years, counted from the first year after the effectivity of this Act, unless otherwise extended
31 by Congress. It shall be organized within one hundred eighty (180) days after the effectivity
32 of this Act.

33

34 **SEC. 5. Governing Principles.** – The OCCIMINSEZA shall manage and operate
35 the Occidental Mindoro Ecozone, under the following principles:

- 1 a) Within the framework and limitations of the Constitution and applicable provisions of
2 Republic Act No. 7160, or the Local Government Code, as amended, the Occidental
3 Mindoro Ecozone shall be developed into and operated as a decentralized, self-
4 reliant and self-sustaining industrial, commercial, trading, agro-industrial, tourist,
5 banking, financial, and investment center with suitable residential areas;
6
- 7 b) The Occidental Mindoro Ecozone shall be equipped with transportation,
8 telecommunications, and other facilities needed to attract legitimate and productive
9 investments, generate linkage industries and employment opportunities for the
10 people of the municipalities of San Jose and Magsaysay, Province of Occidental
11 Mindoro, and those in neighboring towns and cities;
12
- 13 c) The Occidental Mindoro Ecozone may establish mutually beneficial economic
14 relations with other entities or enterprises within the country or, subject to the
15 administrative guidance of the Department of Foreign Affairs, the Philippine
16 Economic Zone Authority (PEZA), and the Department of Trade and Industry (DTI),
17 with foreign entities or enterprises;
18
- 19 d) Foreign citizens and companies owned by non-Filipinos in whatever proportion may
20 set up enterprises in the Occidental Mindoro Ecozone, either by themselves or in a
21 joint venture with Filipinos in any sector of industry, international trade and
22 commerce within the Occidental Mindoro Ecozone;
23
- 24 e) The Occidental Mindoro Ecozone shall be managed and operated as a separate
25 customs territory thereby ensuring the free flow or movement of goods and capital
26 within, into and out of its territory, and shall likewise provide incentives subject to
27 Title XIII of the National Internal Revenue Code, as amended. However, exportation
28 or removal of goods from the territory of the Occidental Mindoro Ecozone to the other
29 parts of the Philippine territory shall be subject to customs duties and taxes under
30 Republic Act No. 10863, otherwise known as the “Customs Modernization and Tariff
31 Act” and other relevant tax laws of the Philippines;
32
- 33 f) The areas comprising the Occidental Mindoro Ecozone may be expanded or
34 reduced when necessary through a presidential proclamation issued for the said
35 purpose. For this purpose, the OCCIMINSEZA, in consultation with the LGUs, shall
36 have the power to acquire either by purchase, negotiation or condemnation
37 proceedings, any private land within or adjacent to the Occidental Mindoro Ecozone

1 for the following purposes: (1) consolidation of lands for zone development; (2)
2 acquisition of right of way to the Occidental Mindoro Ecozone; and (3) the protection
3 of watershed areas and natural assets valuable to the prosperity of the Occidental
4 Mindoro Ecozone;

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

14 h) The defense of the Occidental Mindoro Ecozone and the security of its perimeter
15 fence shall be the responsibility of the national government in coordination with the
16 OCCIMINSEZA and the concerned LGUs.

17
18 **SEC. 6. *Development Goals of the Occidental Mindoro Ecozone.*** – The
19 OCCIMINSEZA shall determine the development goals of the Occidental Mindoro
20 Ecozone within the framework of national development plans, policies, and goals. The
21 Chairperson-Administrator shall, upon approval by the Board of the OCCIMINSEZA,
22 submit the Occidental Mindoro Ecozone plans, programs, and projects to the Regional
23 Development Council for inclusion in the regional development plan.

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

35
36 The amount necessary to subscribe and pay for the shares of the national

1 government to the capital stock of the OCCIMINSEZA shall be included in the General
2 Appropriations Act. For the LGUs concerned, the funds shall be taken from their internal
3 revenue allotment and other local funds.

4
5 **SEC. 8. *Principal Office of the OCCIMINSEZA.*** – The OCCIMINSEZA shall
6 maintain its principal office in the Municipality of San Jose, Province of Occidental
7 Mindoro, but it may establish liaison offices within the Philippines as may be necessary for
8 the proper conduct of its business.

9
10 **SEC. 9. *Powers and Functions of the OCCIMINSEZA.*** – The OCCIMINSEZA
11 shall have the following powers and functions:

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

1 government authorities and in conformity with applicable laws thereon;

2
3 f) To approve plans, programs, and projects of the Occidental Mindoro Ecozone to be
4 submitted to the Regional Development Council for inclusion in the regional
5 development plan;

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

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

19
20 i) To protect, preserve, maintain, and develop the forests, beaches, corals and coral
21 reefs, and maintain ecological balance within the Occidental Mindoro Ecozone.
22 Notwithstanding the power of the OCCIMINSEZA to create rules for such purpose,
23 the rules and regulations of the Department of Environment and Natural Resources
24 and other government agencies involved in the above functions shall be
25 implemented by the OCCIMINSEZA;

26
27 j) To create, operate or contract to operate such functional units or offices of the
28 OCCIMINSEZA as it may deem necessary;

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

33
34 l) To issue certificates of origin for products manufactured or processed in the
35 Occidental Mindoro Ecozone in accordance with prevailing rules of origin and the
36 pertinent regulations of the PEZA, the DTI, and the Department of Finance (DOF);

1 m) To establish one-stop shops for the issuance of all necessary permits, clearances,
2 licenses, and other similar certifications to conduct such activities intended to
3 improve the ease of doing business within the Occidental Mindoro Ecozone, in
4 coordination with government agencies having jurisdiction over activities therein:
5 *Provided*, That all government agencies are directed to provide and extend utmost
6 and full cooperation to the OCCIMINSEZA in the establishment of such one-stop
7 shops;

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

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

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

23
24 **SEC. 10. Board of Directors of the OCCIMINSEZA.** – The powers of the
25 OCCIMINSEZA shall be vested in and exercised by a Board of Directors, hereinafter
26 referred to as the Board, which shall be composed of the following:

- 27
28 a) A Chairperson, who shall at the same time be the administrator of the
29 OCCIMINSEZA;
30 b) A Vice-Chairperson who shall be elected from among the members of the Board of
31 Directors;
32 c) Members consisting of:
33 1) The Governor of the Province of Occidental Mindoro or a duly-authorized
34 representative from the Provincial Government of Occidental Mindoro;
35 2) One (1) of the mayors of the municipalities covered by the ecozone;
36 3) One (1) representative from the investors' group; and
37 4) One (1) representative from among the workers in the Occidental Mindoro

1 Ecozone.

2
3 The Governor or the Governor's duly authorized representative and the mayors of
4 the municipalities within the ecozone shall serve as *ex officio* members of the Board,
5 whose terms in the Board shall correspond to their terms as elected officials.
6

7 The Chairperson-Administrator and the members of the Board, except for the
8 representatives of the investors and workers groups and the *ex officio* members, shall be
9 appointed by the President of the Philippines to serve for a term of six (6) years, unless
10 sooner separated from service due to death, voluntary resignation or removal for cause.
11 In case of death, resignation or removal for cause, their replacements shall serve only the
12 unexpired portion of the respective terms. No person shall be appointed as a member of
13 the Board unless the person is a Filipino citizen, of good moral character, of proven probity
14 and integrity, and a degree holder in any of the following fields: economics, business,
15 public administration, law, management or their equivalent, and with at least ten (10) years
16 relevant working experience, preferably in the field of management or public
17 administration.
18

19 The members of the Board, except the *ex officio* members, shall each receive *per*
20 *diem* allowance at rates to be determined by the Department of Budget and Management
21 in accordance with existing rules and regulations: *Provided, however,* That the total *per*
22 *diem* allowance collected each month shall not exceed the equivalent of four (4) meetings.
23 Unless and until the President of the Philippines has fixed a higher rate for the *per diem*
24 allowance for the members of the Board, such allowance shall not be more than Ten
25 thousand pesos (Php10,000.00) for every Board meeting.
26

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

1 The officers and employees of the OCCIMINSEZA, including all members of the
2 Board, shall not engage directly or indirectly in partisan activities nor take part in any
3 election, except to vote.

4
5 No officer or employee of the OCCIMINSEZA, shall be removed or suspended
6 except for cause, as provided by civil service rules and regulations.

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

- 9
- 10 a) To direct and manage the affairs of the OCCIMINSEZA in accordance with the
11 policies of the Board;
 - 12
 - 13 b) To establish the internal organization of the OCCIMINSEZA under such conditions
14 that the Board may prescribe;
 - 15
 - 16 c) To submit an annual budget and necessary supplemental budget to the Board for
17 its approval;
 - 18
 - 19 d) To submit within thirty (30) days after the close of each fiscal year an annual report
20 to the Board and such other reports as may be required;
 - 21
 - 22 e) To submit to the Board for its approval, policies, systems, procedures, rules, and
23 regulations that are essential to the operation of the Occidental Mindoro Ecozone;
 - 24
 - 25 f) To recommend to the Board the remuneration and other emoluments of its officers
26 and employees in accordance with existing laws on compensation and position
27 classification;
 - 28
 - 29 g) To create a mechanism in coordination with relevant agencies for the promotion of
30 industrial peace, the protection of the environment, and the advancement of the
31 quality of life in the Occidental Mindoro Ecozone; and
 - 32
 - 33 h) To perform such other duties as may be assigned by the Board or which are
34 necessary or incidental to the office.
 - 35

36 **SEC. 13. Legal Counsel.** – The OCCIMINSEZA shall have its own internal legal

1 counsel who shall be under the supervision of the Government Corporate Counsel. When
2 the exigencies of business and operations demand it, the OCCIMINSEZA may engage
3 the services of an outside counsel either on a case to case or on a fixed retainer basis.

4
5 **CHAPTER III**
6 **INCENTIVES TO ECOZONE ENTERPRISES AND INVESTORS**
7

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

- 12
- 13 a) Must be at least eighteen (18) years of age;
 - 14 b) Must not have been convicted by final judgment of a crime involving moral turpitude;
 - 15 c) Must not be afflicted with any dangerous or contagious disease;
 - 16 d) Must not have been confined in an institution for any mental disorder or disability;
 - 17 and
 - 18 e) Must be financially capable as borne out by credible and verifiable evidence.
- 19

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

25

26 The authority to issue visas and work permits shall remain with the Bureau of
27 Immigration (BI) and the Department of Labor and Employment (DOLE), respectively:
28 *Provided*, That the BI and the DOLE shall implement measures to expedite the processing
29 of such visas and permits for workers in the Occidental Mindoro Ecozone and coordinate
30 closely with the OCCIMINSEZA to facilitate the conduct of business operations.

31

32 **SEC. 15. *Fiscal Incentives.*** – Registered enterprises of the Occidental Mindoro
33 Ecozone may be entitled to pertinent fiscal incentives granted under Title XIII (Tax
34 Incentives) of the National Internal Revenue Code, as amended.

35

36 **SEC. 16. *Rules and Regulations Governing Banks and Other Financial***
37 ***Institutions.*** – Banks and other BSP-supervised financial institutions to be established in

1 the Occidental Mindoro Ecozone shall be under the supervision of the BSP and subject to
2 existing banking laws, rules and regulations.

3
4 **SEC. 17. Remittances.** – In the case of foreign investments, a duly registered
5 entity or enterprise within the Occidental Mindoro Ecozone shall have the right to remit
6 earnings to its investors in the currency in which the investment was originally made and
7 at the exchange rate prevailing at the time of remittance, subject to the provisions of
8 Republic Act No. 7653, otherwise known as the “New Central Bank Act” as amended.

9
10 **CHAPTER IV**

11 **NATIONAL GOVERNMENT AND OTHER ENTITIES**

12
13 **SEC. 18. Supervision and Control.** – For purposes of policy direction and
14 coordination, the OCCIMINSEZA shall be under the direct control and supervision of the
15 Office of the President of the Philippines.

16
17 **SEC. 19. Relationship with Local Government Units.** – Except as herein
18 provided, the LGUs comprising the Occidental Mindoro Ecozone shall retain their basic
19 autonomy and identity. The Municipalities of San Jose and Magsaysay, Province of
20 Occidental Mindoro, shall operate and function in accordance with the framework of the
21 Constitution, the Local Government Code of 1991, as amended, and this Act.

22
23 In case of any conflict among the OCCIMINSEZA, the LGUs and the national
24 government on matters affecting the Occidental Mindoro Ecozone, other than national
25 defense and security matters, the decision of the OCCIMINSEZA shall prevail.

26
27 **SEC. 20. Audit.** – The Commission on Audit shall appoint a full-time auditor for the
28 OCCIMINSEZA and may assign such number of personnel as may be necessary to assist
29 the auditor in the performance of the auditor’s functions.

30
31 **CHAPTER V**
32 **MISCELLANEOUS**

33
34 **SEC. 21. Interpretation and Construction.** – The powers, authorities and
35 functions that are vested in the OCCIMINSEZA are intended to establish national self-
36 sufficiency and self-reliance in the advancement of and protection of the national integrity,
37 enhancement of national security, decentralization of governmental functions and

1 authority, and promotion of an efficient and effective working relationship among the
2 OCCIMINSEZA, the national government and the LGUs. Any interpretation of this Act shall
3 consider such intentions. In the event of conflict of interpretation and provided the
4 intentions cannot be harmonized, the provisions of this Act shall be construed in favor of
5 an interpretation that shall protect national security.

6
7 **SEC. 22. *Applicability Clause.*** – Insofar as they are consistent with the
8 provisions of this Act, the provisions of Sections 30 to 41 of Republic Act No. 7916,
9 otherwise known as "The Special Economic Zone Act of 1995", as amended, shall likewise
10 apply to the Occidental Mindoro Ecozone.

11
12 **SEC. 23. *Implementing Rules and Regulations.*** – Within sixty (60) days from
13 effectivity of this Act, the DTI shall, in coordination with the DOF and the National
14 Economic and Development Authority, formulate rules and regulations for the effective
15 implementation of the provisions of this Act.

16
17 **SEC. 24. *Separability Clause.*** – If any provision of this Act shall be held
18 unconstitutional or invalid, the other provisions not otherwise affected shall remain in full
19 force and effect.

20
21 **SEC. 25. *Repealing Clause.*** – All laws, executive orders or issuances or any part
22 thereof, which are inconsistent herewith, are hereby repealed or amended accordingly.

23
24 **SEC. 26. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
25 publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,