

EXCERPT FROM THE MINUTES OF THE 32nd REGULAR SESSION OF THE SANGGUNIANG PANLALAWIGAN OF ISABELA HELD AT FAUSTINO N. DY HALL , CAPITOL, ILAGAN CITY, ISABELA ON JUNE 03, 2014.

PRESENT:

KAREN G. ABUAN	Acting Governor
RIC JUSTICE E. ANGOBUNG	Member (1 st District) & Presiding Officer Protempore
ROLANDO L. TUGADE	Member (1 st District) & Floor Leader Protempore
KIRYLL S. BELLO	Member (1 st District)
FAUSTINO U. DY IV	Member (2 nd District)
MANUEL A. ALEJANDRO	Member (3 rd District)
RANDOLPH JOSEPH P. ARREOLA	Member (3 rd District)
FRANCIS FAUSTINO A. DY	Member, LMB Federation President
JONATHAN JOSE C. CALDERON	Member, Agricultural / Industrial Workers / Labor Sector Representative

O.B. :

ANTONIO T. ALBANO	Provincial Vice-Governor
ED CHRISTOPHER S. GO	Member (2 nd District)

ABSENT:

EDWARD S. ISIDRO	Member, PCL Federation President
ABEGAIL V. SABLE	Member (4 th District)
ALFREDO V. ALILI	Member (4 th District)
VILINDA H. BERNARDO	Member, Women's Sectoral Representative

ORDINANCE NO. 09
SERIES OF 2014

ORDINANCE ENACTING THE INVESTMENT INCENTIVES CODE OF ISABELA

Sponsor: HON. FAUSTINO U. DY IV

Chairman: Committee on Commerce, Trade & Industry
Chairman: Committee on Ways & Means

PREFATORY STATEMENT

WHEREAS, Article 10 of the 1987 Constitution of the Republic of the Philippines provides that "(2) The territorial and political subdivision shall enjoy local autonomy"; and that Title VI Book I of Republic Act 7160, otherwise known as the Local Government Code of 1991 provides in Section 109 the "Functions of the Local Development Councils (a) the provincial development council shall exercise the following functions: (1) formulate-long, medium term, and annual socio-economic development plans and policies; 2) Formulate the medium-term and annual public investment programs; 3) Appraise and prioritize socio-economic development programs and projects; 4) Formulate local investment incentives to promote the inflow and direction of private investment capital; 5) Coordinate, monitor, and evaluate the implementation of development programs and projects; and 6) Perform such other functions as may be provided by law or competent authority and that Section 192 provides "Authority to Grant Tax Exemption privileges – Local Government Units may, through ordinances duly approved, grant tax exemptions, incentives or reliefs under such terms and condition as they may deem necessary";

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WHEREAS, it is the declared policy of the Provincial Government of Isabela to encourage new investment and promote investment expansion and diversification of environmentally safe investments;

WHEREAS, the Provincial Government of Isabela recognizes the need to enact the investments and Incentives Code of Isabela to enhance the business competitiveness of the province, to draw and foreign investments especially in priority areas or industries for development and to accelerate economic progress, generate additional employment opportunities, increase revenue and reduce poverty;

WHEREFORE, be it enacted by the Sangguniang Panlalawigan of Isabela in session duly assembled:

PROVINCIAL ORDINANCE NO. 09
Series of 2014

ARTICLE 1 – TITLE

SECTION 1. TITLE – This ordinance shall be known as the INVESTMENT INCENTIVES CODE of ISABELA or IICI.

ARTICLE II – DECLARATION OF POLICY

SECTION 2. DECLARATION OF POLICY – it is hereby declared a policy of the Province of Isabela to promote and encourage both domestic and foreign investments and pursuant thereof:

- a. Encourage investments that would optimize local human and natural resources in the province within the context of sustainable and equitable development;
- b. Provide a package of incentives for new investors in the preferred investment areas which should be fair, clear, time-bound and consistent with national laws to ensure a level playing field on investment in the locality;
- c. Encourage the efficient use of natural resources especially those indigenous to the province;
- d. Ensure an investment-friendly atmosphere, politically stable business environment, free enterprise and a guarantee of peace and order as well as non-political interference;

ARTICLE III – DEFINITION TERMS

SECTION 3. DEFINITION OF TERMS – When used in this Code, the following terms and phrases shall mean as follows:

- a. Code – shall mean the Investments and Incentives Code of Isabela or the IICI;
- b. Board – shall refer to the Investments and Incentives Board of Isabela or the IIBI;

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- c. CENTER – shall mean Investment Promotion Center of Isabela or the IPCI;
- d. EXISTING ENTERPRISES / PROJECT – shall refer to business already existing prior to the enactment of this ordinance; A project of an existing enterprise that has started commercial operation at the time of application with the Board that does not qualify as new investment;
- e. NEW INVESTMENT / PROJECT – shall refer to a business enterprise organized after the enactment of this Code with a capitalization of at least Fifteen (15) Million Pesos; Also refers to a project listed in the Preferred Areas of Investment (PAI) that has not started commercial operation undertaken by a newly organized enterprise or an existing enterprise that undertakes to engage in an entirely distinct and different activity from its existing business operations; or the same activity provided it shall establish a new facility in an area not contiguous to the premises of its existing project and with new investments;
- f. CAPITALIZATION – shall refer to the total investment in a particular enterprise which may be in the form of Cash or Property;
- g. EXPANSION PROJECTS – shall mean installation of additional facilities or equipment that will result in increase in production capacity of the same product line within the existing plant/facilities of an existing enterprise;
- h. MODERNIZATION PROJECT – refers to the upgrading of a product quality or classification of the facility to a higher class or a substantial reduction of production cost that is the expected in view of the introduction of modern investment area;
- i. PREFERRED AREA OF INVESTMENT – shall refer to economic activities or sectors declared by the province or the IIBI as priority or preferred investment area;

ARTICLE IV – LOCAL INVESTMENTS AND INCENTIVES BOARD AND THE INVESTMENT PROMOTIONS CENTER

SECTION 4. THE INVESTMENTS AND INCENTIVES BOARD OF ISABELA –

There is hereby created the Investments and Incentives Board of Isabela or IIBI to implement the provisions of the Investments and Incentives code of Isabela.

SECTION 5. COMPOSITION. The IIBI shall be composed of the following:

Chairman - The Governor

Vice Chairman - Chairman –Committee on Trade and Industry of the Sangguniang Panlalawigan

ACTION OFFICER - Provincial Administrator

MEMBERS :

- President of Provincial Chamber of Commerce and Industry
- Provincial Treasurer
- Provincial Agriculture Officer
- Provincial Budget Officer
- Provincial Accountant

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- DILG Representative
- NGO Representative
- Academe
- On call members - DENR/DA/DOT Representatives

The Provincial Information Office shall be designated by the IIBI as Secretariat for the Board

SECTION 6. MEETINGS AND QUORUM – Within 30 days upon approval of this code, the Governor in his capacity as Chairman shall convene the IIBI. The Board shall meet quarterly or as often as necessary, on such a day time as it may be fixed. The presence of at least majority of the members shall constitute a quorum. All decisions and policies acted upon by at least the majority of the members present during the meetings shall be considered valid.

SECTION 7. POWERS AND FUNCTIONS OF THE BOARD – The primary function of the Board is to establish a favorable and a stable policy on business climate which encourage and support private sector investment and in the operation of business activities. Pursuant thereto, the Board is vested with the following powers:

- a. To promulgate the Implementing Rules and Regulations (IRR) of the IICI;
- b. To formulate investment policies and programs and submit the same for adoption by the Sangguniang Panlalawigan;
- c. To adopt investment promotion measures as provided by the LGC and other relevant laws;
- d. To recommend to the Sangguniang Panlalawigan the grant of fiscal and non-fiscal incentives to registered investments/businesses; (the Sangguniang Panlalawigan is endowed with the authority to grant fiscal and non-fiscal incentives)
- e. To periodically review Preferred Areas of Investment eligible for incentives;
- f. To accredit investments and to evaluate and approve applications for availment of incentives, and to suspend or cancel the same for failure to maintain the requirements/qualifications and its good standing as required under the Code;
- g. To conduct technical researches on the priority investment areas and to initiate and undertake investment promotions for identified areas;
- h. To develop and maintain linkages and network locally and internationally;
- i. To supervise the operation of the IPCI;
- j. To perform such other tasks necessary and incidental to the exercise and performance of their functions.

SECTION 8. THE INVESTMENT PROMOTION CENTER OF ISABELA (IPCI)
– There is hereby created a center under the office of the Governor which shall be referred to as *Investment Promotions Center of Isabela* or IPCI with the following duties and functions:

- a. To carry out the objectives of the Investments and Incentives Code of Isabela including its Implementing Rules and Regulations:

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- b. To prepare and Implement an annual investment promotion plan as approved by the Board;
- c. To maintain up-to-date data on general business/investment information;
- d. To assist the Board in the development and maintenance of linkages and network locally and internationally;
- e. To undertake investment promotion program and activities and serve as a one-stop action center. As such, the center shall:
 - e.1. Provide Investment servicing such as but not limited to investment counseling, joint venture matching and networking;
 - e.2. Organize investment marketing activities such as trade fairs, business missions and site visits;
 - e.3. Assist in the preparation of documentary requirements, in securing permits and licenses, make referrals to concerned agencies, joint venture partnerships, identification of raw material sources and sourcing out skilled manpower and service providers among others;
 - e.4. Monitor and evaluate project implementation of registered enterprises and thereafter make necessary recommendation to the Board;
 - e.5. Receive, process and evaluate application for registration/accreditation and applications for the availment of incentives and submits its recommendation to the Board;
 - e.6. Prepare and disseminate investment promotion materials, conduct investment briefings and initiate a continuing research on areas for inclusion into the PALs;
 - e.7. Perform such other functions as may be necessary to implement the intent of the Code.

SECTION 9. MANPOWER COMPLEMENT – The center shall be managed by the ***Provincial Investment Promotion Officer*** (PIPO) who shall be appointed by the Governor

ARTICLE V-PREFERRED INVESTMENT AREAS

SECTION 10. PREFERRED INVESTMENT AREAS – is a specific investment sector or industry with economic, ecological and productive potential, feasibility and sustainability considering the availability of local/indigenous raw materials and manpower but has remained untapped or commercially underdeveloped. In the identification of PIAs, product innovativeness and introduction of technological advancement, degree of value added features and compatibility of the investment with the province's development goals are to be important considerations.

SECTION 11. EXCLUSION FROM PREFERRED INVESTMENT AREAS – When there has been sufficient investment in a particular investment sector or when it cannot attract investors within a reasonable time, when cost may result in unfavorable

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business climate and when an investment could adversely affect the environment, these investment shall be excluded from the PIAs upon evaluation and recommendation by the IPCI.

SECTION 12. DETERMINATION OF PIAs – The Governor through the IIBI shall identify the Preferred Investment Areas. The IRR shall contain a specific listing of the PIA in the province and shall include but not limited to the following:

- a. Agriculture based enterprises:
 - a.1. Production of non-traditional agricultural crops;
 - a.2. Processing of non- traditional agricultural crops;
 - a.3. Exporting and trading of non-agricultural crops;
 - a.4. Commercial livestock production
- b. Aqua-culture and Agro-Fishery enterprises;
- c. Forest based industry development;
- d. Industrial and commercial complex establishment;
- e. `Organic feeds and fertilizer production
- f. Commercial tree plantation;
- g. Infrastructure construction and utilities construction and operation;
- h. Health, Wellness and Medical tourism facilities and services;
- i. Coastal development and tourism ventures including eco-experiential tourism, recreational and amusement facilities and services;
- j. Power generation and allied services;
- k. Roads and expressway construction;
- l. Technology and business process outsourcing;
- m. Knowledge based industries;
- n. Educational, information and crisis intervention facilities.

SECTION 12-A. All other investments with initial capitalization of at least Thirty (30) Million pesos and manpower requirement of at least 75% of its regular personnel who are residents of Isabela, subject to approval of the IIBI.

ARTICLE VI – QUALIFICATION, REQUIREMENT AND PROCEDURES FOR AVAILMENT OF INCENTIVES

SECTION 13. PRE-QUALIFICATION REQUIREMENTS – For purpose of application for registration and availment of incentives under the Code, the following must be complied with by all applicants:

- a. Must have complied with all requirements mandated under existing laws and regulations for doing business in the Philippines including permits, licenses and clearances from the LGU and concerned government regulatory agencies;
- b. Must be engaged in any of the PIAs hereto enumerated; except for Investments categorized under Sec1 12 A hereof.

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- c. Must have its principal office or place of operation or plant or production center in the province
- d. Must have safeguards against pollution, must have a waste recycling program, if applicable and must have an ecologically friendly operation;

SECTION 14. QUALIFICATION REQUIREMENTS – the following are the qualification requirements for specific type of project for registration: under PIA

- a. **EXISTING ENTERPRISES** – must have an additional investment or expanding/modernizing/diversifying business operation through infusion of capital of at least 50% of its capital but in no case shall the increased capitalization be less than fifteen (15) million. The additional business, upgrading, expansion or diversification must comply with basic environmental laws including but not limited to securing an Environmental Compliance Certificate;
- b. **NEW PROJECT** – must be both economically and ecologically feasible, must have a capitalization of at least (15) fifteen million pesos and at least 75% of its workers/employees/personnel are bona fide residents of the province;

SECTION 15. DOCUMENTARY REQUIREMENT/REQUIREMENTS– All applications for registration and availment of incentives under this Code must be accompanied by the following document/requirement:

- a. Copy of duly accomplished application forms;
- b. Copy of business name registration and certificate of registration/incorporation or cooperation issued by the appropriate regulatory agency and the articles of incorporation/cooperation and by-laws, if appropriate;
- c. Copy of latest audited financial statement, in case of existing business, and business and financial plan for new enterprise applicants or a copy of the Project Feasibility Study;
- d. Application fee of **Five Thousand Pesos (P,5,000) non-refundable**.

SECTION 16. REGISTRATION PROCEDURES – The following are the procedures for Registration/Accreditation and availment of Incentives:

- a. **Filing of application** – All applications shall be filed with the Investment Promotion Center of Isabela at the Governor's Office, Isabela Provincial Capitol, City of Ilagan, Isabela;
- b. **Check listing and Assessment of Document** – Applicants shall present document for check listing on its completeness and consistency of information. Only complete applications shall be officially accepted and registered in the Registration Book maintained by the IPCI;
- c. **Order of Payment** – The IPCI shall thereafter issue an Order of Payment for the applicant to pay at the Provincial Treasurer's Office the necessary fees which shall be non-refundable;
- d. **Evaluation and Approval of the Application** – Once an application is officially accepted, registered and after presentation by the applicant of the Official Receipt from the Provincial Treasurer's Office, the application and the project will be evaluated by the IPCI which may conduct ocular

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inspection of the plant/premises of the proposed/business, if so necessary. The recommendation issued thereafter shall be presented for action to the Board.

If the application is approved, the IPCI shall notify the applicant and inform the Provincial Treasurer and Provincial Assessor of such approval for their guidance and appropriate action.

If the application is denied, the IPCI shall inform the applicant in writing.

In both cases, a Board Resolution shall be entered in the minutes of the meeting of the Board.

- e. **Processing Time** – The period to process all applications shall be provided in the IRR to be drafted by the IPCI provided that a proviso is to be included in the rules that inaction of the Board for a period of six (6) months shall be construed as automatic approval;
- f. **Certificate of Registration** – Upon approval, an enterprise shall be issued a certificate of Registration with the signature of the governor as Chairman of the Board. It shall state inter alia the 1. Name of the Registered Enterprise; 2. The Preferred Investment Area in which the registered enterprise is engaged in; 3. The specific incentives granted and period of availment; 4. Such other terms and conditions to be observed by virtue of its registration.

The IPCI shall be responsible for formulation of other rules and procedure relative to the screening, processing and approval of applications including devising standard forms for use by the applicants.

SECTION 17. SPECIAL REQUIREMENTS –Where the proposed site of investment be located within the ancestral domain claim of indigenous people, the enterprise applicant must secure from the Office of the National Commission on Indigenous People a Free and Prior Informed Consent.

ARTICLE VII – INCENTIVES

SECTION 18. FISCAL INCENTIVES – In addition to the incentives provided by pertinent laws, a registered enterprise, subject to the approval by the Board, maybe granted the following fiscal incentives:

- a. Free use of real properties owned by the Provincial Government of Isabela for a period of ten (10 years) subject to the condition that any and all improvements introduced and attached therein shall automatically accrue to the provincial government;
- b. Exemption from payment of basic real property taxes, as far as the share of the provincial government is concerned for a period of five(5) years for;
 - b.1. Equipment's of devices or other equipment for pollution control, environmental protection equipment and structures, fire protection equipment's and structures, flood control and mitigation structures as well as water treatment and purification equipment and structures for a

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period of five (5) years from date of commencement of business operation;

b.2. Lands, regardless of classification, if used exclusively for parking, roads and other pathways provided that the same be open for use by the general public;

- c. Exemption from transfer taxes of real properties transferred in favor of the applicant;
- d. Exemption from franchise tax for a period of five (5) years
- e. Free provincial health care enrolment, first month premium, for all employees of new enterprises and additional employees of expanding / modernizing/ diversifying enterprise;

SECTION 19. NON-FISCAL INCENTIVES – Registered enterprises may be granted the following non-fiscal incentives;

- a. Government registration assistance;
- b. One-stop documentation center and application processing;
- c. Labor recruitment, support for industrial peace through arbitration, mediation and reconciliation efforts;
- d. Assurance of peace, order and safety;
- e. PGI sponsored manpower development training to enhance workers skills;
- f. Cooperative organization for employees and workers;
- g. Extension of appropriate technical assistance and services;
- h. Assistance in securing power and water supply connections;
- i. Assistance in site selection and negotiation for road right of way;

SECTION 20. ONE-TIME ENTITLEMENT- Entitlement to incentives provided under this code shall be a one-time and that there shall be no double entitlement under different laws and or government incentive program. Incentives under this Code is non-transferable. The change in ownership over the enterprise shall not in any way negate this rule and the incentive shall continue to be enjoyed by the enterprise until such time the given period shall have lapsed. Entitlement of the incentive shall commence from the start of the operation or on the 2nd year after the grant/approval of application whichever comes first.

SECTION 21. REVIEW OF INVESTMENT INCENTIVES AND SUPPORT MEASURES – To promote the growth of investment in the province particularly in the Preferred Investment Areas, the Council shall conduct periodic review of the package of incentives and support measures and may recommend for consideration of the Board appropriate incentives.

ARTICLE VIII – BUDGET

SECTION 22. BUDGET – An initial fund for the operation of the Investment Promotions Center of Isabela in the amount of **three million pesos (P3,000,000.00)** shall be appropriated by the province. In the subsequent years, the Sangguniang Panlalawigan, with the concurrence of the Governor, shall provide an annual appropriation based on the recommendation of the Board subject to the usual government accounting and auditing rules and regulations.

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ARTICLE IX- FINAL PROVISIONS

SECTION 23. PENAL CLAUSE – Any violation of the provisions of the Code or of the terms and conditions specified in the Certificate of Registration shall be a ground for the cancellation or revocation of the Certificate of Registration of the project/business. The cancellation or revocation of the Certificate of Registration shall automatically mean the withdrawal of all incentives granted under the Code, and all fees and charges previously exempted shall ipso facto become due and demandable

Any enterprise adversely affected by any decision of the Board relative to the cancellation or revocation of registration or the imposition of fines and penalties in accordance with this Code may file a motion for reconsideration within 15 days from receipt of the decision, otherwise the decision shall become final and executory.

In case of cancellation of the certificate of registration, the Board shall require the refund of incentives availed of and impose corresponding fines and penalties to be provided in the Implementing Rules and Regulations of this Code.

SECTION 24. SEPARABILITY CLAUSE – It is hereby declared that the provision of this Code are separable and if, for any reason, any portion or provision, section or part of this Code is declared not valid by a court of competent jurisdiction or suspended or revoked by the Sanggunian, such judgment shall not affect or impair the validity of the remaining portions, provisions, section, or parts thereof which shall continue to be in full force and effect.

SECTION 25. REPEALING CLAUSE – All ordinances, executive orders, rules and regulations, or parts thereof, in conflict with, or inconsistent with any of the provisions of this Code, are hereby repealed, amended or modified accordingly.

SECTION 26. EFFECTIVITY – This ordinance shall take effect immediately upon its approval and circulation within the province

APPROVED AND ENACTED, JUNE 03, 2014.

**I HEREBY ATTEST TO THE GENUINENESS AND
AUTHENTICITY of the foregoing Ordinance:**

MANUEL R. SANTOS

Secretary, Sangguniang Panlalawigan

ATTESTED:

RIC JUSTICE E. ANGOBUNG

Board Member- 1st District
& Presiding Officer Protempore

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APPROVED:

KAREN G. ABUAN
Acting Provincial Governor