

Republic of the Philippines
Region IX
PROVINCE OF ZAMBOANGA SIBUGAY
Municipality of Buug
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OFFICE OF THE SANGGUNIANG BAYAN

Excerpt FROM THE MINUTES OF THE 7TH REGULAR SESSION OF THE SANGGUNIANG BAYANNG
BUUG, ZAMBOANGA SIBUGAY HELD AT THE MUNICIPAL SESSION HALL ON FEBRUARY 16, 2009 AT
10:30 IN THE MORNING

PRESENT:

HON. ARNULFO D. LIM,	Municipal Vice-Mayor/Presiding
Hon. Ernita A. Paderanga,	Member
Hon. Julieta T. Casas,	Member
Hon. Marvin Jessie G. Gako,	Member
Hon. Flordeliz C. Curiba,	Member
Hon. Rey Christian P. Famor,	Member
Hon. Alfonso B. Becada,	Member
Hon. Genison T. Pague,	Member, ABC President
Hon. Joel L. Langha,	Member/IP Representative

ABSENT:

Hon. Leo Jose L. Jumawan,	Member
Hon. Daryl John S. Uba,	Member
Hon. Randie L. Piscos,	Member

LATE: NONE

MUNICIPAL REGULATORY ORDINANCE NO. 03-2009

**AN ORDINANCE PROVIDING FOR INCENTIVES TO PROSPECTIVE AND EXISTING
INVESTORS AND FOR OTHER PURPOSES**

WHEREAS, the Philippine Government, aware that foreign and domestic capitals are engines of economic growth, has set forth initiatives pushing for the municipal investment incentive legislation that ensures equal rights to all investors, particularly in terms of economic regulations and the impact of the other facilities-where incentive grants are prerogatives of the Sangguniang Bayan as provided under Section 192 of RA 7160, the Local Government Code of the Philippines of 1991;

WHEREAS, it is the foremost goal of the Local Government and her constituents to see a fully developed and industrialized municipality anchored on the entry of foreign and domestic capital that will create numerous industries which will add value to domestic resources, provide employment and livelihood opportunities, and enable the municipality to be central figure in the country's thrust of sustaining economic growth;

WHEREAS, many developing countries and even premiere cities and municipalities have adopted investment incentive laws and other measure with the intent of promoting and encouraging the private investments, both foreign and domestic;

BE IT ORDANINED, by the Sangguniang Bayan of the Municipality of Buug in session duly assembled that:

Chapter 1 – TITLE AND DEFINITION OF TERMS

Article 1. **Title**. This Ordinance shall be known as the 'INVSTMENT INCENTIVE ORDINANCE OF BUUG, ZAMBOANGA SIBUGAY.

Article 2. **Definition of Terms**.- When used under this Ordinance, the following terms and phrases shall be construed to mean as:

- a) **Board** shall refer to the Buug Investment Incentive Board created under this Ordinance.

- b) **Establishments/Enterprises** shall refer to those establishment/enterprises whose places operation or production are located within the territorial jurisdiction of the municipality of Buug.
- c) **Investors/Enterprises** shall refer to those prospective investors who have not engaged in any kind or type of business in the municipality in Buug and are interested in establishing their places of operation or production in the municipality.
- d) **Local Personnel/Worker** shall refer to those workers or personnel who are bonafide residents of the municipality of Buug and a registered voter of the municipality and 18 years old and above.
- e) **Registered Enterprises** shall mean any individual, partnership, cooperative, corporation or other entity incorporated and/or organized and existing under Philippine laws; and registered with the Municipality Investment Incentive Board; Provided, however, that the term "registered enterprise" shall not include commercial banks, savings and mortgage banks, rural banks, savings and loan associations, building and loan associations, development bank, trust companies, investment banks, finance companies, brokers and dealers in securities, consumer's cooperative and credit unions, and other business organization whose principal purpose or principal source of income is to receive deposits, lend or borrow money. Buy and sell or otherwise deal, trade or invest in common or preferred stocks, debentures, bonds or other marketable instruments generally recognized as securities, or discharge other similar intermediary, trust or fiduciary functions.
- f) **Expanding Enterprise** shall refer to an existing and operational enterprise engaged in business listed as an Investment Priority Area (IPA) under the annual Investment Priority Plan (AIPP) of the municipality of Buug for any current year, and proposing to expand its operation in the same activity through any combination of any of these activities: The acquisition of land; the construction of new or additional buildings; increased labor force and equipment, which are calculated and expected to increase production capacity and employment opportunities;
- g) **Investment Priority Area** shall refer to the preferred areas of investment as provided in the Annual Investment Priority Plan (AIPP) as declared by the Board in consultation with the Investment evaluation and Consultative Committee (IECC);
- h) **Initial Capital Investment** shall mean all forms of investment in properties, real or personal, owned by the applicant and directly used in the enterprise at the start of the operation;
- i) **Certificate of Coverage and Tax Exemption** refers to certificate granted by the Board after complying with the requirements provided under this Code after approval of the same by the Board. The certificate of coverage and tax exemption shall be signed by the chairman of the board and noted by the concerned Municipal Treasurer of the municipality;
- j) **Processing** shall mean converting of raw materials into marketable form through physical, mechanical, chemical, or electrical, biochemical, biological or other means or by a special treatment or a series of actions such as slaughtering, milling, pasteurizing, drying or desiccating, quick freezing, that results in a change in nature or state of the products. Merely packing or packaging shall not constitute processing;

CHAPTER II- BUUG INVESTMENT INCENTIVE BOARD

Article 3. The Buug Zamboanga Sibugay Investment Incentive Board; Powers and Functions- There shall be created a Buug, Zamboanga sibugay Investment Incentive Board which shall be composed of the following:

Chairman
Vice-Chairman

Municipal Mayor
Municipal Vice-Mayor

The following are the members of the board, viz:

- a) All SB Members and Ex-officio Officer
- b) Municipal Assessor
- c) Municipal Treasurer
- d) President of the Business Sector
- e) Municipal Planning and Development Coordinator
- f) Representative from the Department of trade and Industry
- g) Community Environment and Natural Resources Officer; and
- h) Representative from the Accredited Non- Government Organization or NGO's operating relatively on the development of business enterprises in the municipality.

Provided, that the term of the office shall be coterminous with the term of the elective local government officials.

Article 4. Meeting and Quorum of the Board- The Board shall meet at least once every quarter as may be necessary, or such a day and time as it may fix. The presence of at least a majority validly held, shall be required for the Board to exercise its powers and perform its functions.

Article 5. Powers and Functions of the Board- The primary function of the Board shall establish policies for a favorable and stable business climate which will encourage and support private sectors investment and the generation of economic activities consistent with the Buug Development Plan. Pursuant to this, the Board shall be vested with the following powers:

- 1) Shall promulgate the governing implementing rules and regulations in the implementation of this code;
- 2) Shall screen, evaluate, accept, approve, or reject applicants who wants to avail of the foregoing investment incentive and privileges and to issue corresponding certificate of exemption;
- 3) Shall act on all submitted applications within thirty (30) days from receipt thereof: otherwise, the application shall be deemed approved if not acted within the fifteen (15) working day period;
- 4) Shall initiate and conduct investment promotion activities like trade and investment, be it domestic or foreign, for the purpose of inviting investors as well as providing them with necessary information relative to business undertakings. Provided, however, that in the case of foreign travel of the members of the Board, the same shall be approved by the Sangguniang Bayan;
- 5) Shall commission economic and technical research for the purpose of identifying priority investment areas and/or activities to be promoted as well as appropriate incentives and support measures which should be extended to new and expanding investors;
- 6) Shall adopt a short and medium term investment promotional program, which shall specify the list of priority investment areas and activities and corresponding incentives and support measure to be used to attract investors;
- 7) To secure additional funding and other resources to supplement the budgetary support provided by the municipality for the operation and in the implementation of this code;
- 8) To enter into any agreement with other government agencies and/or private sector organization for the purpose of simplifying systems, procedure and requirements on investment and business operation and promotions of the municipality;

- 9) Shall review the package of appropriate incentives and support measures every two (2) years, provided that the Board may removed certain area or activity from the coverage, at any point, when it deemed wise that sufficient investments in the identified areas has been attained and where continued extension of incentive or support measure for the expansion of said areas or activities may place the interest of the municipality and the public in adverse position. The Board may also remove an investment area of activity from the coverage where it is convinced that investment in said areas cannot be attracted with a reasonable cost or may result in an unfavorable business climate;
- 10) Shall conduct periodic monitoring or registered enterprises/business that were granted investment incentives, tax holidays, and other privileges;
- 11) Shall prepare investment promotion collaterals for image building purposes of the municipality;
- 12) Shall identify, acquire, and developed industrial estates, industrial and business parks, and other investment areas in the municipality in accordance with the Annual Investment Plan of the municipality;
- 13) Shall impose administrative sanctions for willful violation of the provisions of this Code, without prejudice to criminal prosecution; and
- 14) Perform such other functions and powers as it may deemed necessary under the circumstances;

Article 6. **Powers and Functions of the Chairman**-The Chairman shall have the following powers and duties:

- a) To confirm the mandated members of the BIIB from the Vice-Chairman down to the members except for the ex-officio members;
- b) To preside over the regular and special meetings of the Board;
- c) To render annual reports to the Municipality of Buug, Zamboanga Sibugay and such special reports as may be requested;
- d) To recommend to the Board such policies and support measures that may be deemed necessary to carry out the objectives of the Ordinance;
- e) Generally, to exercise such other powers and perform such other duties as may be authorized by the Board, from time to time.

Article 7. **Powers and Functions of the Vice-Chairman**.- The Vice-Chairman shall have the following powers and duties:

- a) To preside over the regular and special meetings of the Board in the absence of the Chairman;
- b) To perform other duties of the chairman in the absence of the latter, and such other duties as may be assigned to him by the board;

Article 8. **Scope of Application and Coverage**-This ordinance shall apply to all forms of business undertakings geared towards propelling the new municipal to progress and eventual prosperity. It shall also apply to the following business, viz:

- a) Export-oriented business;
- b) Agricultural-food and forest based industries;
- c) Industrial Plantation;
- d) Fruits and vegetables production and procession venture;
- e) Food and meat processing using modern facilities;
- f) Cereals and cereals preparation with modern facilities;
- g) Coffee preparation and manufacturing industries with modern facilities;
- h) Joint-venture infrastructure projects;
- i) Industrial estates;
- j) Integrated township and housing projects;

- k) Toll roads and highways;
- l) Wet public market;
- m) Multi-level parking projects;
- n) Vertical housing for low income group;
- o) Rehabilitation centers for drug addicts;
- p) Homes for the aged;
- q) Hospitals;
- r) Diagnostic centers;
- s) Therapy centers;
- t) Ambulatory health care facilities and other health care facilities as may be recommended by the DOH;
- u) Retirement villages;
- v) Recreation facilities;
- w) Tourism-related projects or investment;
- x) Hotels, restaurants and/or other tourist accommodation facilities;
- y) Eco-tourism investment;
- z) Tourist bus operation;
- aa) Convention facilities;
- bb) Testing and quality control laboratories;
- cc) Metal working using modern technology;
- dd) Ceramics and marble industries;
- ee) Bottling factories and recycling facilities;
- ff) Slaughterhouse/abattoir;
- gg) Trade infrastructure projects;
- hh) Livestock and poultry raising;
- ii) Aqua-culture/aqua marine development projects;
- jj) Manufacturing or processing enterprises, in all categories;
- kk) Service oriented projects;
- ll) Research and development projects;
- mm) Development of less developed areas in the municipality, as may be determined by the Zoning and Land Use Ordinance;
- nn) Mining and quarry industries;
- oo) Social housing projects;
- pp) Environmental and Ecological Support Facilities and Projects;
- qq) General merchandising or consumer-oriented enterprises;
- rr) Development of the Municipal Agro-Industrial Center (PAIC);
- ss) Water resource development projects;
- tt) Agro-tourism industries;
- uu) Power generation and related development projects;
- vv) Educational and training facilities;
- ww) Information technology and all computer related services;
- xx) Memorial Parks;
- yy) Post-harvest and storage facilities and projects;
- zz) Cargo and storage plant industries and projects;
- aaa) Port and warehousing facilities and projects;
- bbb) Shipping transportation industries and projects;
- ccc) Air transportation facilities and projects;
- ddd) Integrated terminal facilities;
- eee) Solid Waste Management Services;
- fff) Clean air management services;
- ggg) Telecommunications and calling centers facilities;
- hhh) Entertainment industry;
- iii) Publication, advertising, video production and printing facilities; and
- jjj) Such other projects, facilities, and activities as may be determined by the BIIPB;

CHAPTER III- REGISTRATION OF ENTERPRISES

Article 9. **Qualification of a New Enterprise.**- New investors who intend to avail of the incentives provided in this code must meet the following:

- a) That the new business enterprise has complied with all the requirements mandated under the existing local and national laws and the Constitution.
- b) That the prospective investor's place of operation or production be located within the territorial jurisdiction of the municipality.
- c) That the prospective investments must engage in activities in preferred areas of the investments as hereafter be declared by the Board.
- d) That the investor shall have a capitalization of:
 - i. Not less than P 1.5 million for micro-finance
 - ii. Over P1.5 million up to P 15 million for small enterprises
 - iii. Over P15 million up to P100 million for medium enterprises
 - iv. More than P100 million for large enterprises

Provided, that the amount of capitalization shall be based on the total project cost as stated in the investor's feasibility study submitted to and approved by the Board.

- v. That except for the managerial and supervisory positions, eighty (80%) percent of the labor force of the new enterprise should be residents of the municipality. That in the case where a new enterprises shall employ more than twenty (20%) non resident highly skilled employees, it shall be given three (3) year grace period for the said new enterprise to comply the eighty (80%) percent labor requirement of bonafide residents of the municipality

Article 10. **Qualification of an existing Enterprise.**- An existing enterprise may avail of the incentives under this Code, provided that it needs the following requirements:

- a) That the business enterprise must have complied with all the requirements mandated under the existing local and national laws and the Constitution.
- b) That the expansion/ diversification must engage in activities mentioned in the Investment Plan or in other preferred areas as may hereafter be declared by the Board.
- c) That the existing enterprise whose place of operation of production is already located within the territorial jurisdiction of the Municipality of Buug, but which will undertake any of the following activities/projects:
 - i. Relocate its principal office from other places in the Philippines to Buug, Zamboanga Sibugay.
 - ii. Expand its existing production capacity or construct new buildings and other civil works for the installation of new machinery and equipment or improvements thereof which will result in an increase production capacity.
 - iii. That the expansion/ diversification projects shall entail a total project cost of not less than 20% of the original cost. And that only the expansion/diversification will qualify for the incentive and not the whole project.

Article 11. **Application Requirements.**- Applications shall be filed with the Board, to be recorded in the registration book, and the date appearing therein as duly stamped on the application shall be considered as the date of official receipt thereof.

- a) That the following non-refundable filing fee rates shall be paid to the center together with the required documents for registration:

P1,000.00	-for enterprises with a capitalization of less than P1.5 Million(for micro-finance)
P3,000.00	-for Enterprises with a capitalization of more than P1.5 million up to P15 million (small enterprise)
P10,000.00	-for enterprises with a capitalization of more than P15 million up to P110 million (medium enterprise)
P50,000.00	-for enterprises with a capitalization of more than P100 million (large enterprise)

b. That the following requirements shall be submitted for registration:

- 1) Three (3) copies of completed application form to be provided for by the Board in accordance with the provision of this ordinance.
- 2) A copy of the complete project study of the proposed investment showing that the project is economically, technically, and financially feasible and viable.
- 3) A copy of its Articles of Incorporation and By-Laws as approved by the Securities and Exchange Commission and the Board of Investments, as the case maybe.
- 4) A certified true copy of its certificate of registration with the Securities and Exchange Commission.
- 5) Resolution of the applicant's Board of Director's, in case of a corporation, authorizing the filing of application.

Article 12. **Approval and Registration Procedures-** The Board is authorized to facilitate actions on applications filed with it, prescribed criteria for the evaluation of several applications filed in one preferred area, and devise standard form for use of applicants.

Article 13. **Certification of Registration-** A registered Enterprise under this code shall be issued a Certificate of Registration with the signature of its chairman and/or such other officer of the Board as it may empower and designate for the purpose. The Certificate of Registration shall be in such form and style as the board may determine.

CHAPTER IV- RIGHTS AND PRIVILEGES

Article 14. Rights and Privileges Guaranteed by the Municipality- All investors and registered enterprises are entitled to the right and guarantees provided by law and the Constitution. In addition to such right and guarantees, and to enhance investor confidence in the incentive program, the local government through municipality Investment Incentive Board, shall:

- a) Provide a concise and comprehensive information to prospective investors on the economic priorities of the municipality, including target investment areas and the general conditions applicable to incoming direct private investments;
- b) Communicate investment evaluation criteria and procedures to enhance transparency in the process of granting government incentives;
- c) Keep abreast of the need of investors for stability, growth and profit in their operations and the formulation or modification of policies and ordinances that affect investments;
- d) No interfere or modify arrangements with the investors after the details of implementation of an investment projects have been accepted and approved, and the ownership and management structure of the enterprise have been established, unless the law provides otherwise;

- e) Avoid undue distortion of competition between and among enterprises operating within territorial jurisdiction, whether domestic or foreign, when granting any special exemptions or incentives aimed to encourage in the identified target areas;
- f) In accordance with law, and where no local personnel or workers are capable and available, the Board shall facilitate the sourcing of necessary work permits and/or visa for qualified foreign personnel where this is deemed necessary for the efficient operation of the enterprise or for the transfer of technology;
- g) Provide for the construction of access road and drainage and facilities the connection from plant site to national highway, and the connection of utilities to the plant site provided, that the road-of-way shall have been donated to the municipality;
- h) Endeavor to maintain industrial peace through negotiations and agreement for a moratorium from strikes, approval of the registration; and
- i) Resolve all doubts concerning the benefits and incentives granted under this code enacted for the purpose of encouraging investment, in favor of the investor.

CHAPTER V- INCNETIVES TO REGISTERED ENTERPRISES

Article 15. Fiscal Incentives.- In addition to the incentives provided by the law and by the Local Government Code of 1991, a registered enterprise qualified under this Code shall enjoy the following fiscal incentives:

- 1) Exemption from the Local Licenses, Fees, Dues-within three (3) years from the start of commercial operation, a registered enterprise under this Code shall be fully from the Mayor's Permit fee, building permit fees, and other kinds of local licenses, fees, dues, imposed except for regulatory fees, such as:
 - a) Local Occupation Tax
 - b) Health Certificate Fee
 - c) Sanitary Permit Fee
 - d) Oath Fee
 - e) Garbage Fee
 - f) Fire Inspection Fee
 - g) Tax on Billboard
 - h) Tax on Delivery Van
 - i) Tax on Weight and Measures
 - j) Zoning Fee

That pursuant to Section 234 of the Local Government code, there shall be no exemption from payment of the real Property Tax.

Article 16. Notification of Change of Address. - Registered business enterprises transferring their location shall notify the Municipality Registration Office of such change of Address.

Article 17. change of Ownership. - The registered business enterprises shall report to the municipality any in the status of its ownership structure, and shall surrender the original copy of the business incentives certificate for the notation of the transfer.

CHAPTER VII - APPROPRIATIONS

Article 18. Appropriations. - To defray the expenses necessary for or incidental to the implementation of the provisions of this Code, an initial funding of ONE HUNDRED THOUSAND PESOS (P100,000.00) shall be appropriated from 20% Development Plan. Thereafter, the Local Government shall appropriate annually, based on the budget presented by the Board, the necessary funding requirements for the continued implementation of the provision of this code, subject to the usual government accounting and auditing rules and regulations.

CHAPTER VIII - IMPLEMENTING RULES AND REGULATIONS

Article 19. **Rules And Regulations Implementing The 2009 Buug Investment Code Shall Be Adopted By The Board Within Three (3) Months From Effectivity Of This Code.**

CHAPTER IX- FINAL PROVISIONS

Article 20. **Interpretation.**- All doubts concerning the benefits, and incentives granted to enterprises and investors by this Code shall be resolved in favor of the investors and registered enterprises.

Article 21. **Confidentiality of Applications.** All applications and their supporting documents filed under this code shall be confidential and shall not be disclosed to any person, except with the consent of the applicant or on order of the competent jurisdiction.

Article 22. **Exception.**- This Ordinance shall not apply to financing or banking institutions and other enterprises which are governed by the Central Banking Act and under the supervision of the Banko Sentral ng Pilipinas (BSP).

Article 23. **Inspection.** The Board is empowered and authorized to conduct inspection of the premises or examination of the business registered enterprises on their progress. This shall include the records and books of the enterprises business operations, audited financial statements and the total local incentives availed under the municipal ordinance.

Article 24. **Penal Clause.**- Violation of any provision of this Ordinance and other pertinent laws shall forfeit the incentives and privileges granted the registered enterprise, and shall be required to pay all taxes and fees due from the start of its business operation, upon the recommendation of the Buug Investment Incentive Board. Violation of the provisions of this Ordinance shall be penalized with a fine of not less than **One Thousand Pesos** (P1,000.00) but not more than **Five Thousand Pesos** (P5,000.00) and or an imprisonment of not less than one (1) month but not more than six (6) months, or both such fine and imprisonment at the discretion of the court. In case, the violation is committed by a partnership, corporation, association, or cooperative, the manager or President or Chief Executive Officer, as the case may be shall suffer the penalty provided herein.

Article 25. **Judicial Relief.** All orders or decisions of the Local Government in cases involving the provisions of this code shall immediately be executory. No appeal from the order or decision of the local government by the party adversely affected shall stay such order or decision.

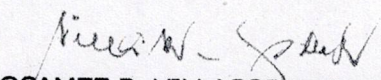
Article 26. **Separability Clause.** The provision of this code are hereby declared to be separable and, in event any such provisions is declared unconstitutional, the other provisions which are not affected thereby shall remain in force and effect.

Article 27. **Repealing Clause.** The provisions of other existing ordinances which are inconsistent with the provisions of this code are deemed repealed, modified or amended accordingly.


Article 28. **Effectivity.**- This Ordinance shall take effect upon its approval.

ENACTED AND APPROVED this 16th day of February 2009 during the 7th regular session of the Sangguniang Bayan of Buug, Zamboanga Sibugay.

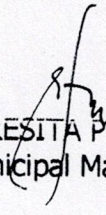
I HEREBY CERTIFY to the correctness of the foregoing Ordinance.


ROSAMEE B. VILLASOR-APDUHAN
SB Secretary

ATTESTED BY:


ARNULFO D. LIM
Municipal Vice Mayor/Presiding

APPROVED:


TERESITA P. FAMOR
Municipal Mayor