

Republic of the Philippines
CITY OF IRIGA

OFFICE OF THE SANGGUNIANG PANLUNGSOD

EXCERPTS FROM THE MINUTES OF THE REGULAR SESSION OF THE SANGGUNIANG PANLUNGSOD OF IRIGA CITY HELD ON MARCH 7, 2000 AT THE CITY SESSION HALL

PRESENT: Hon. ROSELLER Y. OROLFO – Vice-Mayor and Presiding Officer
Hon. OMAR ERASMO G. AMPONGAN
Hon. RODOLFO L. TINO, JR.
Hon. JOSE SG. VILLANUEVA, JR.
Hon. FERNANDO S. BERIÑA, JR.
Hon. EDSEL S. DIMAIWAT
Hon. PERFECTO M. GASCON
Hon. JERRY E. VILLAMER
Hon. RUFINO L. VILLAGOMEZ
Hon. ERNESTO L. VELASCO
Hon. JOEY P. CLEOFÉ

ABSENT: Hon. GLENN M. LEE
Hon. ANGEL A. BAGAMASBAD – O.B. Naga City

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ORDINANCE No. 2000-01

AN ORDINANCE ENACTING THE IRIGA CITY INVESTMENT INCENTIVE CODE OF 1998, AS AMENDED.

Be it enacted by the Sangguniang Panlungsod of Iriga City in Session assembled:

WHERE AS, pursuant to Section 192 of Republic Act No. 7160, otherwise known as the 1991 Local Government Code, Local Government Units may, thru Ordinances fully approved, grant Tax Exemptions, Incentives of Relief under such terms and conditions as they may deem necessary;

WHERE AS, the City Government of Iriga, thru its Officials and Constituents, has long dreamed of improving the City’s Social and Economic Activities through encouragement and promotion of domestic and foreign investments;

WHERE AS, the City’s Investment Incentive Code, which contains beneficial, feasible and allowable incentives, is necessary for the full implementation of the City’s Investment Promotion Programs which is expected to accelerate the economic development of the City;

WHERE AS, the Honorable body, following the endorsement of the Investment Incentive

NOW, THEREFORE, on motion of Hon. Rodolfo L. Tino, Jr., jointly seconded by Hons. Dimaiwat and Velasco, be it **RESOLVED, AS IT IS HEREBY RESOLVED**, to approve/confirm the Iriga City Investments Incentive Code of 1998, as amended.

Be it Ordained by the Sangguniang Panlungsod, City of Iriga that:

CHAPTER 1 – TITLE AND DECLARATION OF POLICY

Section 1. Title. This Ordinance shall be known and cited as the *IRIGA CITY INVESTMENTS INCENTIVE CODE OF 1998*.

Section 2. Declaration of Policy. To accelerate the sound development of Iriga City in accordance with the updated city development plan and the national development plan for the year 2000 onwards, and in pursuit of a planned economically feasible and practical dispersal of industries in the promotion of small, medium and large scale industries under the condition which will encourage competition and discourage monopolies, the following are declared policies of this Code:

- a) The Iriga City Government shall encourage private Filipino and foreign investments in industry, agriculture, forestry, mining, tourism and other sectors of the economy which shall; provide significant employment opportunities; increase productivity of the land, minerals, forestry, aquatic and other resources of the City, and improve utilization of the products thereof; improve technical skills of the people; provide a foundation for the future development of the economy; meet the tests of global competitiveness; and accelerate development of the less developed areas of the City;
- b) The Iriga City Government shall ensure holistic development by safeguarding the well-being of the social, cultural and ecological life of the people. For this purpose, consultation with affected communities will be conducted whenever necessary. The Iriga City Government shall extend incentives to projects which will significantly contribute to the attainment of these objectives without which said projects may not be established in the area. The number and/or pace required of the projects shall be planned and implemented towards optimum development of the City" economy. Fiscal incentive systems shall be devised to compensate for market imperfections, to reward performance contributing to economic development, be cost-efficient and simpler to administer;
- c) The Iriga City Government recognizes the private sector as its primary and indispensable partner for economic growth and development;
- d) The Iriga City Government shall principally play a supportive role, providing the framework, the climate and the incentives within which business activity is to take place;

- f) The Iriga City Government shall extend fiscal and non-fiscal incentives to stimulate the establishment and assist initial operations of enterprises, and shall terminate after a period of not more than 5 years from registration or start-up of operation unless a specific period is otherwise stated.

The foregoing declaration of investment policies shall apply to all investment schemes.

CHAPTER II – DEFINITION OF TERMS

Section 3. *Definition of Terms.* When used under this Code, the following terms and phrases shall mean as follows:

- a) “Board” shall refer to the Iriga City Investment Incentive Board created under this code.
- b) “City” shall mean the City of Iriga covering all the areas within its territorial jurisdiction as provided for by law and its charter.
- c) “Code” shall refer to the Iriga City Investment Incentive Code of 1998.
- d) “Existing establishments/enterprises” shall refer to establishments/enterprises with duly approved mayor’s permits and business licenses prior to the approval of this Code.
- e) “New investors/enterprises” shall refer to those prospective investors who are interested in establishing its places of operation or production in the City.
- f) “Priority Investments Areas (PIAs)” shall mean the economic activities specified under Section 12 of the Code, and such other activities that the Board shall add.
- g) “Expansion” shall mean an increase in the enterprise’ operating capacity of at least 25% or more with location within the Priority Development Areas or engaged in Priority Investment Areas.
- h) “Registered enterprises” shall mean those enterprises/business establishments registered in accordance with the provision of this Code.
- i) “Priority Development Areas (PDAs)” shall mean the specific location in Iriga City as specified under Section II of the Code.
- j) “Tax Discount” may refer to a fixed percentage reduction from the total tax due for prompt payment or a certain percentage reduction from the tax base used in the computation of Tax Liability.
- k) “Date of Acceptance” shall mean the date of receipt of application for registration

CHAPTER III – IRIGA CITY INVESTMENT INCENTIVE BOARD

Section 4. *The Iriga City Investment Incentive Board.* There is hereby created an Iriga City Investment Incentive Board (ICIB), tasked to implement the provisions of this Code.

Section 5. *Composition of the Board.* The Board shall be composed of the following:

Chairman -	City Mayor
Vice-Chairman -	City Vice-Mayor
Secretary -	Executive Director, ICIPBAC
Members:	
	Chairman, SP Public Works and Engineering
	Chairman, SP Public Utilities/Public Service
	Chairman, SP Finance and Appropriation
	Chairman, SP Trade, Commerce and Industry
	Chairman, SP Ways and Means
	Chairman, SP Public Welfare and Community Development
	City Treasurer
	City Engineer
	City Planning and Development Coordinator
	Department of Trade and Industry
	Three (3) Private Sector Representatives

Membership of the Board may be amended by the Sangguniang Panlungsod through the recommendation of the Board as it may be deemed necessary for the effective implementation of the provisions of this Code; Provided, further, that the representatives of the private sector shall be appointed by the City Mayor, upon the recommendation of the sectors/entities they represent.

Section 6. *Meetings and Quorum of the Board.* The Board shall meet at least once every quarter or as often as may be necessary, on such a day and time as it may fix. The presence of at least a majority of its members shall constitute a quorum and a majority of the quorum of a meeting, validly held, shall be required for the Board to exercise its powers and perform its function.

Section 7. *Powers and Functions of the Board.* The primary function of the Board shall be to establish a favorable and stable policy for business which will encourage and support private sector investment and in the operation of business activities consistent with the development needs of Iriga City. Pursuant to this, the Board shall be vested with the following powers:

- a) To promulgate the governing implementing Rules and Regulations in the implementations of the provisions of this Code;
- b) To commission economic and technical research for the purpose of identifying priority investment areas and/or activities to be promoted as well as appropriate

- c) To adopt a short and medium-term investment promotion program which shall specify the list of priority investment areas and activities and corresponding incentives and support measures to be used to attract targeted investors;
- d) To establish an Iriga City Investment Promotion and Business Assistance Center (ICIPBAC), to act as Secretariat of the Board, and, to consequently supervise the Center in its operation specifically in the implementation of the provisions of this Code;
- e) To propose and recommend the necessary appropriations to the City Council of Iriga and secure additional funding from other sources in order to support operations of the Board and the Iriga City Investment Promotion and Business Assistance Center;
- f) To enter into any agreement with other government agencies and/or private sector organizations for the purpose of simplifying systems, procedures and requirements on investments and business operations in Iriga City;
- g) To review the package of appropriate incentives and support measures every year;
- h) Process and approve applications for registration with the Board, imposing such terms and conditions as it may deem necessary to promote objectives of this Code, including refund of incentives when appropriate, restricting availment of certain incentives not needed by the project in the determination of the Board requiring performance bonds and other guarantees, and payments of application, registration, publication and other necessary fee/s;
- i) Periodically check and verify the compliance by registered enterprises with the relevant positions of this Code, with the rules and regulations promulgated under this Code and with the terms and conditions of registration.
- j) After due notice, cancel the registration or suspend the enjoyment of incentive benefits of any registered enterprise and/or require refund of incentives enjoyed by such registered enterprise including interests and monetary penalties, for: a) Failure to maintain the qualifications required by this Code for registration, or b) for violation of any provision of this Code, of the rules and regulations issued under this Code, and of the terms and conditions of registration;
- k) Prepare or contract for the formulation of industry and sectoral development programs and gather and compile statistical, technical, marketing, financial and other data required for the effective implementation of the Code; and
- l) Generally, exercise all the powers necessary or incidental to attain the purposes of this Code and other laws vesting additional functions of the Board.

Business Assistance Center whose main objectives will be concentrated in three (3) main areas: Investment Promotion Efforts; Investors' Facilitation and Business Services; and Research and Planning activities.

Section 9. *Organization of the Center.* The Iriga City Investment Promotion and Business Assistance Center shall be organized into three (3) Technical Sections: Investment Promotion Section; Investor's Service Section; and, Planning/Research Section. It shall be assisted by an Administrative and Finance Section.

The center shall be headed by an Executive Officer who will be hired by the Iriga City Investment Incentive Board (ICIPB). It will be supervised by the Board.

Section 10. *Funding* for the Center shall be sourced from the following:

1. Contribution from the City Government of Iriga in the amount of P300,000.00 as initial budget for its operation.
2. Collection from payment of service assistance and non-refundable fees deposited as trust fund with the CTO.
3. 2% from the Internal Revenue Allotment; and
4. Other sources.

CHAPTER V – PRIORITY DEVELOPMENT AREAS/PRIORITY INVESTMENT AREAS

Section 11. *Priority Development Areas.* The prospective investor's place of operation or production shall be located within the Priority Development Areas as identified and determined by the Board.

Section 12. *Priority Investment Areas.* The following are the Priority Investment Areas (PIAs): Manufacturing, Agribusiness, Forestry and Fishing, Trading Operations, Tourism-Related Projects, Infrastructure Services.

CHAPTER VI – REGISTRATION OF ENTERPRISES

Section 13. *Qualification of New Enterprises.* New investors who intend to avail of the incentives provided in this Code must meet the following qualifications:

- a) That the business enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution;
- b) That the prospective investor's place of operation or production to be located with the Priority Development Area of Iriga City;

- d) The new enterprise must have a minimum capitalization of at least P2M. Provided, that the amount of capitalization shall be based on the total project cost as stated in the investor's project study submitted to and approved by the Board.

Section 14. *Qualifications of an Existing Enterprise.* An existing enterprise may avail of the incentives under this Code provided that it meets the following qualifications:

- a) That the business enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution;
- b) That the existing business enterprise is engaged in Priority Investment Areas within the identified Priority Development Areas;
- c) That the business enterprise shall have a minimum capitalization of at least P2M. Provided, that the amount of capitalization shall be based on the total project cost as stated in the investor's project study submitted to and approved by the Board.

Section 15. *Application Requirements.* Application shall be filed with the Board. A non-refundable filing fee of One Thousand Pesos (P1,000.00) shall be paid together with the following documents for registration:

- a) Copies of completed application form to be provided by the Board in accordance with the provisions of this Code;
- b) A copy of the complete project study of the proposed investment showing that the project is economically, technically and financially feasible and viable;
- c) A copy of its Articles of Incorporation and By-Laws as approved by the Securities and Exchange Commission;
- d) A certified true copy of its certificate of registration with the Securities and Exchange Commission, the Board of Investments, and the Department of Trade and Industry, as the case may be; and
- e) Resolution of the Applicant's Board of Directors, in case of a corporation, authorizing the filing of application.

Section 16. *Approval and Registration Procedures.* The Board is authorized to adopt rules and regulations to facilitate action on application filed with it; prescribe criteria for the evaluation of several applications filed in one preferred area; devise standard forms for use of applicants and delegate to the Iriga City Investment Promotion and Business Assistance Center the authority to receive and process applications. Upon compliance of all documentary requirements, applications filed shall be considered automatically approved if it is not acted upon by the Board within thirty (30) working days from official acceptance thereof.

Section 17. *Certificate of Registration.* A registered enterprise under this Code shall be

- a) The name of the Registered Enterprise, nature of business, and nationality;
- b) The PIAs and PDAs in which the registered enterprise is proposing to engage;
- c) The nature of the activity it is undertaking or proposing to undertake, and the registered capacity of the enterprise; and
- d) The other terms and conditions to be observed by the registered enterprise.

Section 18. *Criteria for Evaluation of Applications.* The following criteria will be considered in the evaluation of applications for registration under the PDAs and PIAs:

- a) The economic rates of return;
- b) The measured capacity provided that estimates of measured capacities shall be regularly reviewed and updated to reflect changes in market supply and demand conditions. Provided, further, that measured capacity shall not result in a monopoly in any priority investment and development areas which would unduly restrict trade and fair competition in any field of activity or endeavor;
- c) The amount of foreign exchange earned, used or saved in their operations;
- d) The extent to which labor, materials and other resources obtained from indigenous sources utilized;
- e) The extent to which technological advances are applied and adopted to local conditions; and
- f) Such other criteria as the Board may determine.

Section 19. *Appeal from Board's Decision.* Any order or decision of the Board shall be final and executory after thirty (30) days from its promulgation. Within the said period of thirty (30) days, said decision may be appealed to the Office of the Sangguniang Panlungsod. When an appeal has been filed, said order of decision shall be final and executory ninety (90) days after the perfection of the appeal unless reversed.

CHAPTER VII – RIGHTS, PRIVILEGES AND OBLIGATIONS OF REGISTERED ENTERPRISES

Section 20. *Rights and Privileges Guarantees by the City Government.* All investors and registered enterprises are entitled to the rights and privileges provided by law and the Constitution in addition to such other rights and guarantees to enhance investors' confidence in the incentive program, the City Government thru the Iriga City Investment Incentive Board, shall:

- b) Communicate investment evaluation criteria and procedures to enhance transparency in the process of granting government incentives;
- c) Not interfere or modify arrangements with the investors after the details of the implementation of an investment project has been accepted and approved, and the ownership and management structure of the enterprise has been established unless the law provides otherwise;
- d) Avoid undue distortion between or among enterprises operating within its territorial jurisdiction, whether domestic or foreign, when granting any special exemptions or incentives aimed at encouraging investments in the identified target areas;
- e) Resolve all doubts concerning the benefits and incentives granted under this Ordinance enacted for the purpose of encouraging investment, in favor of the investor; and
- f) Promote industrial peace through the establishment of compensating mechanism to assure harmonious relation between labor and management.

Section 21. *Obligations of Registered Enterprises.* A registered enterprise shall abide at all times with the rules and regulations promulgated under this Code, and the terms and conditions of its registration. In case of deviations from the terms and conditions of registration, the registered enterprise shall immediately seek the approval of the Board prior to the implementation of the planned deviation.

Failure to do so shall constitute a violation of this Code and shall be subject to appropriate action.

CHAPTER VIII – INCENTIVES TO REGISTERED ENTERPRISES

Section 22. *Tax Incentives to Registered Enterprises.* In addition to the incentives provided by law, the National Government and the Local Government Code of 1991, a registered enterprise qualified under this Code shall enjoy the following tax incentives:

- a) Exemption from payment of the following:
 1. Building permit fees and related charges imposed under existing National and City Ordinances;
 2. Mayor’s permit fees and other charges imposed under existing Local Tax Code of the City from the start of commercial operations based on the amount of capitalization/investment as follows:

Php 2,000,000 – Php 5,000,000	3 years
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3. Franchise Tax for a period of two (2) years from the date of approval of registration;

4. Amusement taxes from the date of approval of registration as follows:

First Year	100%
Second Year	75%
Third Year	25%

5. Basic Real Estate tax on property and improvement, buildings and machineries accruing to the General Fund and imposed under the existing Local Tax Code of the City from date of approval of registration based on the value of the property investment as follows:

Php 1,000,000 – Php 3,000,000	2 years
Php 3,000,001 – Php 5,000,000	3 years
Php 5,000,001 and up	5 years

b) Tax reduction or tax credits for expenditures on construction of “public infrastructure” (such as roads, bridges, etc.) accessible to public use as determined by the Board;

c) Skills Training;

d) Water and Power Services

The Board shall seek special agreement with the National Power Corporation to provide registered enterprises with the lowest rate in the Bicol Region, provided that the usage be not less than 5,000 KWH/Month.

The Board shall likewise seek special agreement with the Iriga City Water District Office to provide registered enterprise with the lowest rates within the Bicol Region.

Section 23. Additional Incentives to Existing Enterprises. Existing enterprise which do not qualify under Section 14 of this Code shall enjoy the following tax reductions or tax credits under Section 22(b) for expenditures on the following:

a) Construction of public infrastructure (such as roads, bridges, etc.) accessible to public use;

b) Aesthetic improvements on buildings and other structures for business use located in existing commercial centers; wherein said improvements are socially acceptable, environment friendly and contribute positive values to the benefit of the City Government of Iriga and its residents; and

c) Clean and Green projects, such as tree planting at designated areas by the City

Section 24. Appropriations. An initial funding to defray the expenses necessary for or incidental to the implementation of the provisions of this Code and of the Iriga City Investment Incentives Board be sourced from the Iriga City Government Fund. Thereafter, the City Government shall appropriate annually, based on a budget presented by the Board the necessary funding requirements which is deemed necessary for the continued implementation of the provisions of this Code, subject to the usual government accounting and auditing rules and regulations.

CHAPTER X – FINAL PROVISIONS

Section 25. Penal Clause. Any violation of the provision of this Code, existing laws, ordinances, rules and regulations, shall be ground for the cancellation or revocation of the registration of the business and the withdrawal and refund of all the incentives granted under this Code.

Section 26. Separability Clause. The provisions of this Code are hereby declared to separable, and in the event that one or more of the other provisions are held illegal or unconstitutional, the validity of the other provisions shall not be affected.

Section 27. Repealing Clause. All ordinances, executive orders and rules and regulations inconsistent or in conflict with the provisions of this Code are hereby repealed, amended or modified accordingly.

Section 28. Effectivity. This ordinance shall take effect ten (10) days after publication in a local newspaper.

UNANIMOUSLY APPROVED.

SPONSOR: Hon. RODOLFO L. TINO, JR.

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WE HEREBY CERTIFY to the correctness of the foregoing resolution.

(Signed)
 ROSELLER Y. OROLFO
 Vice-Mayor and Presiding Officer

(Signed)
 OMAR ERASMO G. AMPONGAN

(Signed)
 GLENN M. LEE

(Signed)
JOSE SG. VILLANUEVA, JR.

(Signed)
JERRY E. VILLAMER

(Signed)
FERNANDO S. BERIÑA, JR.

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RUFINO L. VILLAGOMEZ

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EDSEL S. DIMAIWAT

(Signed)
ERNESTO L. VELASCO

(Signed)
PERFECTO M. GASCON

(Signed)
JOEY P. CLEOFE

ATTESTED:

(Signed)
DANDY V. FRAGINAL
Secretary to the Sanggunian

APPROVED:

(Signed)
EMMANUEL R. ALFELOR
City Mayor

Date Approved: 16 MAR 2000