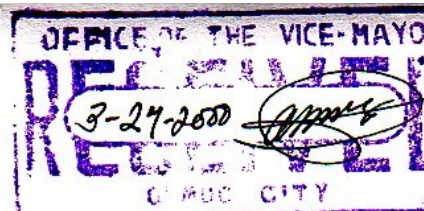


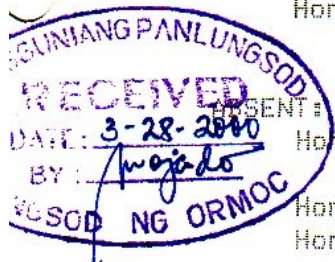
REPUBLIKA NG PILIPINAS
SANGGUNANG PANLUNGSOD
LUNGSOD NG ORMOC



EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE EIGHTH
SANGGUNANG PANLUNGSOD NG ORMOC HELD AT THE HONORABLE
PLACIDO ENECIO HALL, SANGGUNANG PANLUNGSOD
BUILDING ON MARCH 23, 2000

PRESENT:

Hon. Jose S. Serafica, City Councilor, Minority Floor Leader
Temporary Presiding Officer
Hon. Nepomuceno P. Aparis I, City Councilor, Majority Floor Leader
Hon. Dennis Y. Capuyan, City Councilor, Assist. Maj. Floor Leader
Hon. Mariano Y. Corro, City Councilor
Hon. Sotero M. Pepito, City Councilor
Hon. Alfredo F. Capahi, City Councilor
Hon. Jose C. Alfaro, Jr., City Councilor
Hon. Claudio P. Larrazabal, City Councilor
Hon. Fernando P. Parrilla, Ex-Officio, City Councilor,
Chapter President, Liga ng mga Barangay ng Ormoc
Hon. Chiqui B. Labagala, Ex-Officio City Councilor,
Hon. Fe S. Lladoc, (Appointed in lieu of Hon. Benjamin B.
Lladoc (Deceased)), City Councilor



PRESENT:

Hon. Celso P. Adolfo, (Forced Leave), City Vice Mayor &
Presiding Officer
Hon. Eduardo P. Tan, (Forced Leave), City Councilor
Hon. Chiqui B. Labagala, (Forced Leave), Ex-Officio City Councilor,
SK Federation President

PREFATORY STATEMENT

Investments incentives legislation is a global trend offered by developing countries as a result of efforts to integrate domestic economies with the global economy, resulting in incentive increasingly being harmonized and standardized over international boundaries; while incentive grants are prerogatives of the Sangguniang Panlungsod under Sec. 192 of R.A. 7160, the Local Government Code of 1991.

Many developing countries have adopted compensating investment codes or other investment incentive laws for several reasons, with intent of encouraging and promoting increased private investments, both domestic and foreign, especially Foreign Direct Investments (FDI). Removing thereby the numerous forces that distort the market.

Foreign investors, in particular, will seek to ensure that they enjoy the same rights under the laws as domestic investors, particularly in terms of Economic regulations and the impact of other policies, hence, it is the ardent desire of the Ormoc City Government to place Ormoc in a better competing economic position and a better place to live in through improved economic activities, resulting from the establishments of more investments, domestic or foreign.

FOREGOING PREMISES CONSIDERED, on motion of City Councilor Alfredo F. Capahi, Chairman, Committee on Trade and Commerce, duly seconded by City Councilor Sotero M. Pepito; be it

RESOLVED, AS IT IS HEREBY RESOLVED, to pass and enact:

ORDINANCE NO. 79

AN ORDINANCE ENACTING THE ORMOC CITY INVESTMENT INCENTIVE
CODE OF 2000 AND FOR OTHER PURPOSES.

Be it ordained by the Sangguniang Panlungsod, City of Ormoc that:

CHAPTER I

TITLE AND DECLARATION OF POLICY

SECTION 1. TITLE. - This ordinance shall be known and cited as the Ormoc City Investment Incentive Code of 2000.

SECTION 2. DECLARATION OF POLICY. - To accelerate a sound and environmentally friendly development of Ormoc City in accordance with the updated City Development Plan and the National Development Plan for the year 2000. It is hereby declared to be the policy of the City of Ormoc to encourage new investments or expansion/diversification in agri-business activities like vacuum, dehydrated and spray-dried fruit processing, canned specially vegetables, and the like; eco-tourism facilities like mid-range hotels, beach & mountain resorts; trans-shipment facilities including, but not limited to, port infrastructure and common bonded warehouses; miscellaneous light manufacturing activities such as garments, footwear, kitchenware, electronics, jewelries, copper base industry and like; property development areas of investments such as but not limited to Mass Housing, as may be determined from time to time, which will provide employment opportunities, raise the standard of living of the people of Ormoc City and provide for an equitable distribution of wealth, at the same time protect the environment.

The City of Ormoc welcomes and encourages domestic and foreign capital to establish environment friendly enterprises that would utilize substantial amount of labor, with the sustainable use of raw materials and natural resources of the city.

It is further declared to be the policy of the City to promote the partnership with Non-governmental Organizations to serve as active partners in achieving local economic development.

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) "City" - shall mean the City of Ormoc covering all the areas within its territorial jurisdiction as provided for by law and its charter.
- (b) " Code" - shall refer to the Ormoc City Investment Incentives Code of 2000.
- (c) " Board" - shall refer to the Ormoc City Investment Incentives Board, created under this Code.

- (d) "New Investors/Enterprises" - shall refer to those prospective investors who have not engaged in any kind or type of business in Ormoc City and is interested in establishing its places of operation or production in Ormoc City.
- (e) "Existing Establishments/Enterprises" - shall refer to those establishment/enterprises whose places of operation or production are already located within the territorial jurisdiction of Ormoc.
- (f) "Local Personnel/Worker" - shall refer to those workers or personnel who are bonafide residents of Ormoc.
- (g) "Preferred Areas of Investments" - shall mean the economic activities that the Board shall have approved and declared as such after a thorough study and evaluation.
- (h) "Registered Enterprises" - shall mean those enterprises/businesses registered in accordance to with the provisions of this Code.
- (i) For purposes of this code, business activity or enterprises engaged in industry, agribusiness and/or services whether single proprietorship, cooperative, partnership, or corporation whose total assets, enclusive of those arising from loans but exclusive of the land on which the particular business entity's office, plant and equipment are situated, shall be defined as follows:
- 1) Cottage Industry not less than ₱150,000.00 but not more than ₱1,500,000.00
 - 2) Small-Scale Enterprises above ₱1,500,000.00 but not more than ₱15,000,000.00
 - 3) Medium-Scale Enterprises above ₱15,000,000.00 but not more than ₱60,000,000.00
 - 4) Large-Scale Enterprises more than ₱60,000,000.00

In a generic sense, all enterprises with total assets of Fifteen Million (₱15,000,000.00) and below shall be called small enterprises.

CHAPTER III

ORMOC CITY INVESTMENT INCENTIVE BOARD

SECTION 4. THE ORMOC CITY INVESTMENT INCENTIVE BOARD. - There is hereby created an Ormoc City Investment Incentive Board to implement the provisions of this Code.

SECTION 5. COMPOSITION OF THE BOARD. - The Board shall be composed of the following:

- 1) CHAIRMAN Mayor or his duly authorized representative
- 2) VICE-CHAIRMAN Vice-Mayor

MEMBERS:

- 3) Chairman, SP Trade, Commerce & Industry Committee
- 4) Chairman, SP Ways & Means Committee
- 5) Chairman, SP Natural Resources & Environmental Control
- 6) Chairman, SP Laws and Ordinances
- 7) City Legal Officer
- 8) City Planning & Development Coordinator
- 9) Department of Trade & Industry Regional Director or his duly designated alternate.
- X 10) President or his duly authorized representative of the Ormoc City Chamber of Commerce and Industry
- X 11) President or his duly authorized representative of the Ormoc City Chamber of Commerce & Industry
- 12) President or his duly authorized representative of the Ormoc Filipino Chinese Chambers of Commerce & Industry.

Provided, that membership of the Board may be increased by the Sangguniang Panlungsod through the recommendation of the Board, of other Associations as it may deemed necessary for the effective implementation of the provisions of this Code; Provided, further, that the terms of Office of the Officers and Members of the Board are co-terminus with the terms of Office of the elected officials, representing an organization and/or an office.

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 day and time as may be fix by the Board. The presence of at least a majority of its members shall constitute a quorum and a majority of the quorum in a meeting, validly held, shall be sufficient for the Board to exercise its powers and perform its functions.

SECTION 7. POWERS AND FUNCTIONS OF THE BOARD. - The primary function of the Board shall be, to establish a favorable and stable policy on business climate which will encourage and support private sector investment and in the operation of business activities consistent with the development needs of Ormoc City. Pursuant to this, the Board shall be vested with the following powers;

- a) To recommend to the Sangguniang Panlungsod the Governing Rules and Regulation implementing the provision 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 incentives and support measure which should be extended to new investors, to attract investors into these areas and/or activities in conjunction with paragraph H hereof;
- 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 designate the Ormoc City Investment Promotion Center which shall be created by the Board, and to define the functions thereof, to act as Secretariat and to consequently supervise the same in its operations specifically in the implementation of the provisions of this code;

- e) To secure additional funding from other resources to supplement the budget provided by the Ormoc City Government for the operation of the Secretariat in its implementation of the code;
- f) To create an Advisory Committee, the functions and membership thereof to be determined by the Board.
- g) Appropriate Incentive and Support Measures. The Board shall identify and recommend for the approval of the Sangguniang Panlungsod appropriate incentives and support measures which it shall be willing to extend to targeted investors, to promote priority investment areas and activities;
- h) Effectivity of Appropriate Incentives and Support Measures. The Board shall review the package of appropriate incentive and support measures every two (2) years, provided that the Board may remove an area or activity from the list, at any point, when it deems that sufficient investments in the areas or activity have been attained and where continued extension of incentive or support measures for the expansion of said area or activity may place the interest of the City and the public in adverse position. The Board may also remove an investment area or activity from the list where it is convinced that investments in such areas or activity in Ormoc City cannot be done within reasonable time and cost or may result in unfavorable business climate.
- i) To recommend for the prosecution of any violations of any existing laws and ordinances in connection with the operation of their business.
- j) For violation of any provisions under this code the Board may cancel or revoke the registration of business and withdraw all incentives granted therein after due hearing subject to appeal within ten (10) days from the receipt of the said order of cancellation, revocation or withdrawal of incentives, to the Sangguniang Panlungsod who shall decide the same by majority vote of all members and whose decision shall be final.

CHAPTER IV

QUALIFICATIONS/REGISTRATION OF ENTERPRISES

SECTION 8. QUALIFICATION OF A NEW ENTERPRISES. - New investors who intend to avail of the incentive provided in this Code must meet all of 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 said enterprise/investor conducts man-power preparation and/or pre-recruitment training for their labor/man-power needs in Ormoc City, giving maximum priorities to qualified Ormocanons for employment in the said company.
- c) That the prospective investor's place of operation or production be located within the territorial jurisdiction of Ormoc City.

- d) That the prospective investor must engage in activities in preferred areas of investments as may thereafter be declared by the Board.
- e) That the investor shall put up additional environmental mitigating devices as may be recommended and/or required by the Board other than those minimum requirements of law.
- f) The New Enterprise must have an investment of:
 - 1) Cottage Industry at least ₱150,000.00 but not more than ₱1,500,000.00
 - 2) Small-Scale Enterprises above ₱1,500,000.00 but not more than ₱15,000,000.00
 - 3) Medium-Scale Enterprises above ₱15,000,000.00 but not more ₱60,000,000.00
 - 4) Large-Scale Enterprises more than ₱60,000,000.00

Provided, that the determination of the classification of an Enterprise/Industry shall be based on the total project cost as stated in the investor's study submitted to and validated, reviewed & approved by the Board.

- g) That the new enterprise will provide out of the labor force requirement at least sixty percent (60%) thereof, who are bonafide residents of Ormoc City and possess the necessary qualifications for the job.

SECTION 2. QUALIFICATIONS OF AN EXISTING ENTERPRISES. - An existing enterprise may avail of the incentives under this code provided that it meets all of the following qualifications:

- a) That the business enterprise must have complied with all the requirements mandated under existing Local and National Laws and Constitution.
- b) That the expansion/diversification must be for activities mentioned in Section 2 hereof or in other preferred areas of Investments or Investment Priority projects (IPP) as may thereafter be declared by the Board.
- c) That the existing enterprise whose place of operation or production is already located within the territorial jurisdiction of Ormoc City, but which will undertake any of the following activities/projects:
 - 1) Relocate its principal office in Ormoc City if located elsewhere, or.
 - 2) 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 in production capacity.
- d) That the expansion/diversification of the enterprise must have an investment of at least:

- 1) Cottage Industry at least ₱150,000.00 but not more than ₱1,500,000.00
- 2) Small-Scale Enterprises above ₱1,500,000.00 but not more than ₱15,000,000.00
- 3) Medium-Scale Enterprises above ₱15,000,000.00 but not more than ₱60,000,000.00
- 4) Large-Scale Enterprises more than ₱60,000,000.00

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

- e) That the existing enterprises will provide out of the labor force requirement at least sixty percent (60%) thereof, who are bonafide residents of Ormoc City, and possess the necessary qualifications for the job.

SECTION 10. APPLICATION REQUIREMENTS. - Applications shall be filed with the Board, recorded in a Registration Book and the date appearing therein and stamped on the application shall be considered as the date of official receipt thereof.

A one-time non-refundable filing fee in the amount indicated below shall be paid to the Office of the City Treasurer of Ormoc City with the following documents for registration:

- | | |
|-----------------------------|-------------|
| 1) Cottage Industry | ₱ 1,000.00 |
| 2) Small-Scale Enterprises | ₱ 5,000.00 |
| 3) Medium-Scale Enterprises | ₱ 10,000.00 |
| 4) Large-Scale Enterprises | ₱ 20,000.00 |

- a) 3 copies of completed application form to be provided for by the board in accordance with the provisions of this Code;
- b) A copy of the complete project profile or operations plan of the proposed investment showing that the project is economically, technically and financially feasible and viable;
- c) A copy of its Article of Incorporation and By-Laws as approved by the Securities and Exchange Commission, Cooperation Development Authority (CDA), Department of Trade and Industry (DTI), and the Board of Investments, (BOI) as the case may be;
- d) A certified true copy of its certificate of registration with the Securities & Exchange Commission, Cooperative Development Authority, the Board of Investments, and the Department of Trade & Industry, Department of Labor and Employment (DOLE), as the case may be; and,
- e) A resolution of the applicant's Board of Directors, in case of a Partnership, Corporation, Association, Cooperative authorizing the filing of applicants.

SECTION 11. All participating enterprises/investors which are granted the incentives/privileges for more than one (1) year shall remit their Annual Registration Fee in full to the City Treasurer of Ormoc City on or before January 20 of each calendar year.

AMOUNT OF INVESTMENTS		ANNUAL REGISTRATION FEE
From ₱ 1,000,000.00	to ₱ 2,000,000.00	- ₱ 10,000.00
From ₱ 2,000,001.00	to ₱ 5,000,000.00	- ₱ 20,000.00
From ₱ 5,000,001.00	to ₱ 20,000,000.00	- ₱ 40,000.00
From ₱ 20,000,001.00	to ₱ 50,000,000.00	- ₱ 70,000.00
From ₱ 50,000,001.00	and above	- ₱ 90,000.00

SECTION 12. APPROVAL AND REGISTRATION PROCEDURES. - The Board shall 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 adopt procedure of appeal in case of dis-approved applications.

SECTION 13. CERTIFICATE 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 V

RIGHTS AND PRIVILEGES

SECTION 14. RIGHTS AND PRIVILEGES GUARANTEED BY THE CITY GOVERNMENT. - All investors and registered enterprises are entitled to the rights and guarantees provided by law and the constitution. In addition thereto and to inspire the investor's confidence in the incentive program, the City Government, thru the Ormoc City Investment Incentive Board, shall;

- a) Provide a concise and comprehensive information to prospective investors on the economic priorities of the City, including targeted investment areas and the general condition applicable to prospective direct private investments;
- b) Communicate investment evaluation criteria and procedures to enhance transparency in the process of granting government incentives;
- c) Take into consideration the needs of the investors for stability, growth and profit in their operations in the formulation or modification of policies and ordinances that affect their investments;
- d) 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 establish unless the law provides otherwise;
- e) Avoid undue distortion of competition between or among enterprises operating within its territorial jurisdiction, whether domestic or foreign, when granting any special exemption or incentive aimed at encouraging investments in the identified targeted areas.

- f) No board clearance shall be necessary for the employment of qualified non-resident or foreign personnel when necessary, for the efficient operation of the enterprise or for technology transfer in accordance with law and where no local personnel or worker is capable and available; provided, that a company, enterprises or establishment has informed the board in writing thirty (30) days prior to hiring, the personnel requirement(s) and qualifications, and
- g) In case of doubts concerning the benefits and incentives granted under this ordinance. The same shall be resolved in favor of the investor.

CHAPTER VI

INCENTIVE TO REGISTERED ENTERPRISES

SECTION 15. TAX INCENTIVES TO REGISTERED ENTERPRISES. - In addition to the incentives provided by law and by the Local Government Code of 1991, a registered enterprise qualified under this Code shall enjoy the privileges granted by this program for the period as follows:

- a) Cottage Industry Three (3) years
- b) Small-Scale Enterprises Five (5) years
- c) Medium-Scale Enterprises Seven (7) years
- d) Large-Scale Enterprises Ten (10) years

SECTION 16. - Only participating enterprises/investors which have invested an amount of more than P60 Million Pesos, Philippine Currency can be granted an extension period of another ten (10) years upon the recommendation of the Local Investment Board and subject to the approval of the Sangguniang Panlungsod.

SECTION 17. TAX HOLIDAY INCENTIVES. - All qualified and accepted applicants to this Investment Incentive Program shall enjoy the following Tax Exemption Privileges for a period stated in Section 15, hereof, viz:

- a) Exemption from the payment of all kinds of local taxes imposed by the City under existing tax or revenue ordinances;
- b) Exemption from the payment of all local licenses and permits fees;

All participating investors covered under this Incentive Program are still required to secure Mayor's Permit necessary to operate their business.

- c) Exemption from inspection and examination of Books of Accounts and other pertinent records of business except when allowed by the Board.

CHAPTER VII

APPROPRIATIONS

SECTION 18. APPROPRIATION. - An initial funding to defray the expenses necessary for or incidental to the implementation of the provisions of this code and of the Ormoc City Investment Incentives Board shall be sourced from the City Government fund as contained in the Annual Budget.

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 VIII

FINAL PROVISIONS

SECTION 19. PENAL CLAUSE. - Any violation of the provisions of this code, existing laws, ordinances, rules and regulations, shall be a ground for the cancellation or revocation of the registration of the business and the withdrawal of all the incentives granted under this code.

SECTION 20. SEPARABILITY CLAUSE. - The provisions of this code are hereby declared to be 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 21. 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 22. EFFECTIVITY. - This ordinance shall take effect immediately upon its approval.

ENACTED, March 23, 2000

RESOLVED, FURTHER, to furnish copies of this Ordinance one each to His Honor, the City Mayor, the City Administrator, the City Legal Officer, the City Treasurer, the City Planning & Development Coordinator, the City Accountant, the City Budget Officer, the City Auditor and others concerned, -all in Ormoc City;

CARRIED UNANIMOUSLY.

I HEREBY CERTIFY to the correctness of the foregoing ordinance.

OSCAR M. LASAM
Secretary to the
Sangguniang Panlungsod

ATTESTED:

JOSE S. BERNICA
City Councilor, Minority Floor Leader
Temporary Presiding Officer

APPROVED:

EUFROCINO M. CODILLA, SR.
City Mayor

3/28/01

(Date)