

Republic of the Philippines
CITY OF SAN FERNANDO
Province of La Union

REGULAR SESSION OF THE SANGGUNIANG PANLUNGSOD OF THE CITY OF
SAN FERNANDO ON THE 25TH DAY OF APRIL 2006.

PRESENT:

Hon. Vice Mayor Bernardo L. Valero
 Hon. Councilor Pablo C. Ortega
Hon. Councilor Francisco Emmanuel R. Ortega III
Hon. Councilor Francisco C. Ortega, Jr.
Hon. Councilor John H. Orros
Hon. Councilor Pancracio Q. Nisce
Hon. Councilor Manuel R. Borja
Hon. Councilor Antonio G. Jucar
Hon. Councilor Ramon F. Laudencia
Hon. Councilor Florentino G. Flores, Jr.
Hon. Councilor Mario A. Lacsamana
Hon. Member Rodolfo M. Abat

ABSENT:

Hon. Councilor Jessie R. Miranda
Hon. Councilor Romulo S. Dyquiango
Hon. Member Marc Justin E. Arzadon – On vacation leave

CITY ORDINANCE NO. 2006-003

AN ORDINANCE ENACTING THE INVESTMENT INCENTIVE CODE OF
THE CITY OF SAN FERNANDO, PROVINCE OF LA UNION.

CHAPTER 1
GENERAL PROVISIONS

Article I
Title and Scope

Section 1. Title. This ordinance shall be known as the Investment Incentive Code of the City of San Fernando.

Section 2. Scope. This Code shall apply to all persons, entities or enterprises, government and non-government organizations and instrumentalities that would like to invest or engage in the expansion/diversification of any business activity in the City of San Fernando.

Article II
Policy Application

Section 3. Purpose. The Investment Incentive Code of the City of San Fernando, La Union is promulgated to encourage domestic and foreign capital to

establish enterprises that would utilize a substantial amount of labor, raw materials and natural resources of the City.

Section 4. Declaration of Policy. The City of San Fernando is envisioned to be a radiant and dynamic City of the North being the springboard of industrial activity in Region I. It is therefore the policy of the City to achieve broad-based and sustained economic growth within ten (10) years by encouraging investment and by providing a conducive climate where business and industry will prosper thereby generating employment particularly for the constituents of the City.

Section 5. Rules of Interpretation. Any conflict or controversy arising under this Code shall be resolved on the basis of applicable legal provisions or jurisprudence. In the absence thereof, customs and traditions, in so far as they are applicable to the conflict or controversy, may be resorted to.

Article III Definition of Terms

Section 6. Definition of Terms. When used in this Code –

- a. “Board” shall refer to the City of San Fernando Investment Incentive Board (CSFIIB) created in this Code which shall serve as the implementing arm of the Code.
- b. “Capitalization or capital” shall mean the total project cost.
- c. “Capitalization of Existing Enterprise” shall refer to the additional cost of investment or “fresh capital” injected into the business.
- d. “Capitalization of New Enterprise” shall refer to the paid-up capital or actual capital contributions of the enterprise.
- e. “Center” shall mean the City of San Fernando Investment Promotion and Assistance Center (CSFIPAC) which shall be the institution that will serve as the technical arm and Secretariat of the Board.
- f. “Code” shall mean the Investment Incentive Code of the City of San Fernando, La Union.
- g. “Existing Establishment/Enterprise” shall mean an existing business entity presently registered with the Securities and Exchange Commission (SEC) and/or Department of Trade and Industry (DTI) which intends to undertake an expansion/relocation of its operation upon effectivity of this Code.
- h. “Investment Priority Areas (IPA)” shall refer to a list of activities eligible for incentives under the Code.
- i. “New Enterprise” shall mean newly-organized business entity duly registered with SEC and/or DTI which intend to venture into new projects in the City with the interest of establishing their operation or production within the territorial jurisdiction of the City of San Fernando.

- j. "Registered Enterprise" shall mean any individual, partnership, corporation and other entity incorporated and/or organized and existing under Philippine Laws; and registered with the Investment Incentive Board in accordance with the provisions of this Code; provided, however, that the term registered enterprise shall not include banks, associations, trust companies, finance companies, brokers and dealers in securities, lending investors, consumer cooperatives and credit unions and such other business organizations whose principal purpose or principal source of income is to receive deposits, lend or borrow money, buy and sell or otherwise deal, trade and 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.

CHAPTER 2

**THE CITY OF SAN FERNANDO INVESTMENT INCENTIVE BOARD AND
THE CITY OF SAN FERNANDO INVESTMENT PROMOTION AND
ASSISTANCE CENTER**

Article IV

The City of San Fernando Investment Incentive Board

Section 7. Composition of the Board. There is hereby created a City of San Fernando Investment Incentive Board (CSFIIB) to implement the provisions of this Code composed of the following:

Chairman..... City Mayor
Vice Chairman..... City Vice Mayor
Members..... Chairman, Sangguniang
Panlungsod (SP) Committee on Trade,
Commerce, Industry and Tourism
Chairman, SP Committee on Finance & Budget, and Ways & Means
Chairman, SP Committee on Agriculture, Natural Resources &
Environmental Protection
Chairman, SP Committee on Land Use and Urban Planning
Chairman, Committee on Rules, Laws, Ordinances and Legal Affairs
President, Chamber of Commerce
President, Fil-Chinese Chamber of Commerce
Department of Transportation and Communication
(DOTC) representative
Department of Trade and Industry (DTI) representative
Department of Tourism representative
Permits and License Officer
City Legal Officer
City Planning and Development Officer
Secretariat..... City Planning and Development
Personnel

Section 8. 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 it may fix. The presence of at least a majority of its members shall constitute a quorum for the Board to exercise its powers and functions.

Section 9. Powers, Duties and Functions of the Board. It is the primary duty of the City of San Fernando Investment Incentive Board (CSFIIB) to establish policies for a favorable and stable business climate that will encourage investment and generate employment for the people of the City. It shall have the following powers, duties and functions:

- a. To formulate the Implementing Rules and Regulations (IRR) of this Code sixty (60) days after its approval and to promulgate the implementing provisions of the same;
- b. To adopt short and medium term investment promotion programs which shall specify the list of investment priority areas and activities and the corresponding incentives and support measures to be used to attract targeted investors and to identify preferred development areas in consonance with the approved Comprehensive Land Use Plan (CLUP) of the City;
- c. To establish promotional and marketing strategies/activities to generate new investments in the City;
- d. To act on all applications submitted to the Board within thirty (30) days from receipt hereof;
- e. To issue a Certificate of Registration to qualified applicants;
- f. To decide on issues concerning the implementation of this Code;
- g. To supervise the operation of the City of San Fernando Investment Promotion and Assistance Center (CSFIPAC);
- h. To exercise all other functions and powers necessary or incidental to the attainment of the objective of the Code; and
- I. To secure additional funding and other resources to supplement budgetary support provided by the City Government for the implementation of this Code.

Section 10. Powers and Functions of the Chairman of the Board. The Chairman of the Board shall have the following powers and functions:

- a. To preside over the regular and special meetings of the Board;
- b. To render annual reports and such other special reports as may be requested;
- c. To recommend to the Board such policies and measures deemed necessary to carry out the objectives of this Code; and
- d. Generally, to exercise such other functions and perform such other duties as may be directed by the Board from time to time.

Section 11. Powers and Duties of the Vice Chairman. The Vice Chairman of the Board shall have the following powers and functions:

- a. To preside over the meetings of the Board in the absence of the Chairman;
- b. To perform the duties of the Chairman in the absence of the latter and such other duties as may be assigned to him by the Board.

Article V

The City of San Fernando Investment Promotion and Assistance Center

Section 12. Functions. There shall be a City of San Fernando Investment Promotions and Assistance Center (CSFIPAC) which shall serve as a One-Stop Processing Center that will assist investors in securing permits and facilitate the availment of local and national government incentives and identify business or joint ventures or partnerships, material suppliers, contractors, possible business sites and other requirements and needs of the investors.

The Center shall serve as the technical arm and the Secretariat of the Board and shall implement its policies and guidelines. Among its duties are:

- a. Accept, process and evaluate all applications for registration for the availment of the local incentives and submit recommendations to the Board within ten (10) days from the receipt of the application.
- b. Provide the necessary support services to the investors.
- c. Establish and maintain networking relations with other offices and agencies whenever appropriate and necessary.
- d. Collate, analyze and compile pertinent data, information and studies concerning the preferred/priority investment areas provided by this Code or as may be determined by the Board.
- e. Prepare the agenda for the meetings of the Board and submit for its consideration and approval the policies and measures which are deemed necessary to carry out the provisions of this Code.
- f. Submit annual reports on the activities of the Center through the Chairman of the Board within sixty (60) days after the close of the calendar year.
- g. Perform other duties and functions as determined by the Board.

Section 13. Composition of the Center/Secretariat. The Center shall be composed of qualified staff from the different departments of the City Government to be headed by the City Planning and Development Coordinator.

Section 14. Funding. The City Government shall appropriate the sum of Three Hundred Thousand Pesos (P300,000.00) as initial subsidy from its Annual Budget and provide an annual subsidy of not less than One Hundred Thousand Pesos (P100,000.00) thereafter as support fund to the City of San Fernando Investment Promotion and Assistance Center to defray its expenses subject to the usual accounting and auditing rules and regulations.

CHAPTER 3

PREFERRED/INVESTMENT PRIORITY AREAS/ACTIVITIES

Article VI

Preferred/Investment Priority Areas

Section 15. Investment Priority Areas (IPA). The Board shall meet annually, to draw up a list of Investment Priority Areas that would be established in the City. The list shall be made after a thorough consultation with the appropriate government agencies and the private sector and be printed or published at the beginning of each calendar year.

The determination of the IPA shall be based on long-term, comparative advantage. The Board may update, delete or add to the list of Investment Priority

Areas for inclusion in the list as the need arises. The Board may terminate/remove an area of activity or investment priority area from the list based on the following:

- a. When sufficient investment in the areas have been attained as determined by the Board;
- b. When the continued extension of the incentives or support measures for the specific areas are no longer to the best interest of the City and may place the interest of the public in adverse position;
- c. When new areas for investment arise causing other areas or activities to become obsolete or outdated; and
- d. When the Board is convinced that investments in such areas of activity in the City cannot be attracted within reasonable cost or may result in unfavorable business climate.

CHAPTER 4

QUALIFICATION, APPLICATION AND REGISTRATION PROCEDURES

Article VII

Qualification of Enterprises

Section 16. Qualification of New Enterprise. Any person, partnership, corporation, association, cooperative or enterprise may apply for the incentives provided in this Code if they meet the following qualifications:

- a. The new enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution.
- b. The new enterprise must be duly registered with appropriate government agencies such as but not limited to the Department of Trade and Industry and Securities and Exchange Commission.
- c. The investment must be in any of the preferred/priority investment areas provided in the listing.
- d. Preference shall be given to residents of the City for the labor requirements of the new business.
- e. The new enterprise must have a capitalization of at least Five Million Pesos (PhP5,000,000.00).

Section 17. Qualifications of Existing Enterprise. Existing enterprises may avail of the incentives provided in this Code if they meet the following qualifications:

- a. Compliance to the requirements mandated by existing local and national laws and the Constitution.
- b. The business falls under the list of Investment Priority Areas.
- c. The principal office of the business enterprise must be located within the territorial jurisdiction of the City; otherwise, the enterprise must relocate its principal office to the City.
- d. The enterprise shall expand its existing production capacity or construct new buildings and other civil works for the installation of new machineries and equipment or improvement thereof in the minimum amount of Two Million Five Hundred Thousand Pesos (PhP2,500,000.00) which will result in an increased production capacity or for diversification project.

Article VIII
Registration Procedures

Section 18. General Provisions.

- a. All applications for the availment of the incentives provided in this Code must be filed with the City of San Fernando Investment Promotion and Assistance Center (CSFIPAC).
- b. Applications must be recorded in the registration book of the Center.
- c. The date of official acceptance shall appear in the registration as well as the stamped date of the application.
- d. Applications shall only be deemed officially accepted upon payment of a non-refundable filing fee of One Thousand Pesos (PhP 1,000.00), which shall be accrued as funds for the Center, and upon the submission of the complete requirements to the Center.
- e. Application for incentives shall be acted upon by the Center within ten (10) working days from the official acceptance thereof and, if found qualified, forwarded to the Board for approval. If found to be unqualified, the Center shall inform the applicant in writing.
- f. The Board shall act on the application within thirty (30) days upon receipt of the application from the Center. If the application is not acted upon within thirty (30) days, said application is deemed approved.
- g. Once approved by the Board, the Center shall inform the applicant in writing and deliver the Certificate of Registration.
- h. The Center shall then inform all concerned agencies and/or entities of such approval for their information, guidance and appropriate action.

Section 19. Required Supporting Documents.

- a. Four (4) copies of the project study/business plan indicating the financial and socio-economic impact of the project;
- b. Four (4) copies of the Articles of Incorporation and By-Laws as registered in the Securities and Exchange Commission (SEC) for partnerships and corporations, or Certificate of Business Name Registration with the Department of Trade and Industry (DTI) for single proprietorship;
- c. Resolution of the applicant's Board of Directors authorizing the filing of application or Letter of Intent by the owner for single proprietorship;
- d. Authority to file the application of the partners for partnerships or the Board of Directors for corporations ; and
- e. List of Directors and other principal officers and their respective nationalities and addresses certified by the Corporate Secretary or list of officers certified by the owner-applicant for single proprietorship.

Section 20. Certificate of Registration. A Certificate of Registration shall be issued to all qualified applicants signed by the Chairman and the Vice Chairman of the Board and such other officers as the Board may empower or designate for the purpose. The Certificate shall be in such form and style as the Board may determine and shall state, among others, the following:

- a. The name of the registered enterprise;

- b. The preferred/priority area of investment in which the registered enterprise will engage in; and
- c. The other terms and conditions to be observed by the registered enterprise by virtue of its registration.

CHAPTER 5

RIGHTS, GUARANTEES AND INCENTIVES OF REGISTERED ENTERPRISES

Article IX

Rights and Privileges

Section 21. Rights and Guarantees. The City Government, through the City of San Fernando Investment Incentive Board, guarantees to provide all investors and registered enterprises of this City the following rights and guarantees provided by law and the Constitution:

- a. To provide a concise and comprehensive information to prospective investors on the economic priorities of the City Government, including target investment areas and general conditions applicable to incoming direct private investments;
- b. To take the fullest possible account of the need of the investors for stability, growth and profit in their operations, in the formulation or modification of policies and ordinances that affect investments;
- c. Not to interfere or modify arrangements with the investors after details of the implementation of an investment project has been accepted and approved and the management structure of the enterprise has been established;
- d. To avoid undue distortion of competition between or among enterprises operating within its territorial jurisdiction;
- e. In accordance with law and where no local personnel or worker is qualified or capable and available, allow the employment of qualified foreign personnel where this is necessary for the efficient operation of incentives granted of the enterprise or for technology transfer; and

Article X

Incentives Provided to Registered Enterprises

Section 22. Fiscal Incentives. Qualified enterprises under this Code shall be exempted from paying business taxes for the period provided herein. Moreover, only new enterprises shall be excepted from paying Real Property Tax (RPT) for the applicable period. The period of exemption shall be based on the paid up capital or actual capital contributions for new enterprises and the additional cost of investment or “fresh capital” of existing enterprises.

	New Enterprise	Existing Enterprise	
For Corporation	PhP20-50M	Php10-25M	3 years
	Above Php50M	Above PhP25M	6 years
For Partnership	PhP10-25M	PhP5-8.5M	3 years
	Above PhP25M	Above PhP8.5M	6 years
For Single Proprietorship	PhP5-10M	PhP2.5-4.5M	3 years
	Above PhP10M	Above PhP4.5M	6 years

CHAPTER 6
FINAL PROVISIONS

Section 23. Separability Clause. The provisions of this Code are hereby declared to be separable. 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 24. 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 25. Effectivity. This Code shall take effect on the next calendar year after its publication.

APPROVED.”

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C E R T I F I C A T I O N

I hereby certify to the correctness of the above quoted City Ordinance enacted on Third Reading on April 25, 2006.

MARGARET I. FAROLAN
Secretary to the Sanggunian

ATTESTED:

BERNARDO L. VALERO
Vice Mayor

APPROVED this _____ day of April 2006.

MARY JANE C. ORTEGA
Mayor