

Republic of the Philippines
PROVINCE OF CAGAYAN
City of Tuguegarao

SIXTH CITY COUNCIL

EXCERPTS FROM THE MINUTES OF THE REGULAR SESSION
OF THE SANGGUNIANG PANLUNGSOD OF TUGUEGARAO CITY, CAGAYAN
HELD ON MAY 28, 2014, 2:00 PM, WEDNESDAY,
AT THE SANGGUNIANG PANLUNGSOD SESSION HALL

PRESENT:

Hon. Engelbert C. Caronan, Jr.	City Vice Mayor, Presiding Officer
Hon. Estelita U. Dayag	Sangguniang Panlungsod Member
Hon. Bienvenido C. De Guzman II	-do-
Hon. Rosauro G. Resuello	-do-
Hon. Ronald S. Ortiz	-do-
Hon. Maila Rosario T. Que	-do-
Hon. Noel A. Mora	-do-
Hon. Jude T. Bayona	-do-
Hon. Aurora A. Ave	-do-
Hon. Anthony C. Tuddao	-do-

ABSENT:

Hon. Perla C. Tumaliuan	Sangguniang Panlungsod Member
Hon. Loreto B. Valdepeñas	-do- (on Vacation Leave)
Hon. Kendrick S. Calubaquib	-do-
Hon. Hilario Larry S. Ting	-do- (on Sick Leave)

CITY ORDINANCE NO. 004-2014

**AN ORDINANCE ENACTING THE TUGUEGARAO CITY
INVESTMENTS AND INCENTIVES CODE OF 2014**

Principal Sponsor:

HON. ROSAURO G. RESUELLO, CPA

Co- Sponsors:

Hon. Engelbert C. Caronan, Jr.

Hon. Bienvenido C. De Guzman II	Hon. Anthony C. Tuddao
Hon. Noel A. Mora	Hon. Maila Rosario T. Que
Hon. Jude T. Bayona	Hon. Aurora A. Ave
Hon. Estelita U. Dayag	Hon. Perla C. Tumaliuan
Hon. Boyet S. Ortiz	Hon. Loreto S. Valdepeñas
Hon. Kendrick S. Calubaquib	Hon. Hilario Larry S. Ting

WHEREAS, Sec. 20, Art. II of the 1987 Philippine Constitution provides that “the State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments;”

WHEREAS, Sec. 192 of R.A. 7160, otherwise known as the Local Government Code of 1991, provides that “local government units may, through ordinances duly approved, grant tax exemptions, incentives or reliefs under such terms and conditions as they may deem necessary;”

WHEREAS, the DILG and DTI Joint Memorandum Circular (JMC) 2011- 01 on the formulation of the Local Investment Incentive Code seeks to enhance the interest of local and foreign investors to set

up their businesses in the regions and hasten the business development and competitiveness of our local economies;

WHEREAS, there is a need to forge partnership with both foreign and domestic entities that will help in strengthening the economic potential of the City through the creation of employment, promotion of consumer interest and transfer of relevant technologies in agriculture, natural resources, eco-tourism, trade, industry and services;

WHEREAS, it is imperative that the Local Government of Tuguegarao City attract new investments, encourage investment expansions and modernization projects of environmentally safe industries to spur sustainable development in the City;

NOW THEREFORE, be it **ORDAINED** by the 6th City Council of Tuguegarao in session **ASSEMBLED** to enact:

CHAPTER 1

SHORT TITLE and DECLARATION OF INVESTMENT POLICIES

SECTION 1. SHORT TITLE. – This ordinance shall be known and cited as the **“TUGUEGARAO CITY INVESTMENTS AND INCENTIVES CODE OF 2014.”**

SECTION 2. DECLARATION OF INVESTMENT POLICIES. – To accelerate the development of Tuguegarao City, it is hereby declared as a policy of the City Government to attract investors, promote and accelerate domestic and inclusive growth, foreign investments which will generate employment and income opportunities, raise the standard of living of the people of Tuguegarao City and provide for an equitable distribution of wealth. Along this line, the following specific policies are hereby promulgated:

- a. Encourage bio-diversity friendly investment projects that would provide employment opportunities to local residents, encourage the use of indigenous raw materials and other resources of the city;
- b. Attract investments in preferred areas or activities such as Infrastructure, Tourism, Light Manufacturing, Creative and Knowledge Based Industry, Agri-Business, Waste Management Projects and Alternative Energy;
- c. Promote locally produced products to encourage local entrepreneurship and attain self-sufficiency;
- d. Promote and encourage the active participation and collaboration of the private sector and non-government organization in the economic development of the city;
- e. Support environment compliant and climate resilient programs that promote Public-Private Partnership (PPP) towards economic and social development; and
- f. Ensure that businesses and industries to be set up shall provide opportunities for the protection of women, children, and persons with disability (PWD) and contribute to improved quality of life through corporate social responsibility programs.

CHAPTER 2

SCOPE AND COVERAGE

SECTION 3. SCOPE AND COVERAGE. This Code shall apply to all entities and enterprises that meet the qualifications provided herein.

CHAPTER 3

DEFINITION OF TERMS

SECTION 4. DEFINITION OF TERMS. – When used under this Code, the following terms and phrases shall mean as follows:

- a. **“BOARD”** shall refer to the Tuguegarao City Investments and Incentives Board created under this Code;

- b. **“CENTER”** shall refer to the Tuguegarao City Investment Promotion Center;
- c. **“CITY GOVERNMENT”** shall refer to the Local Government Unit of Tuguegarao City;
- d. **“CITY”** shall refer to Tuguegarao City covering all the areas within its territorial jurisdiction as provided for by law and its charter;
- e. **“CODE”** shall refer to the Tuguegarao City Investments and Incentives Code of 2014;
- f. **“DIVERSIFICATION PROJECTS”** shall refer to the investments directed to establishing businesses outside the scope of the existing business;
- g. **“EXISTING ENTERPRISES”** shall refer to those establishments or enterprises whose places of operation or production are located within the territorial jurisdiction of Tuguegarao City existing prior to the enactment of this Code;
- h. **“EXPANSION PROJECTS”** shall refer to the installation of additional facilities/equipment that will result in increased production capacity of the same product line within the same existing plant/facilities of the enterprise;
- i. **“MODERNIZATION PROJECTS”** shall refer to the upgrading of product/service quality or classification of facility to a higher class;
- j. **“NEW INVESTORS OR ENTERPRISES”** shall refer to prospective investors who have not engaged in any kind or type of business in Tuguegarao City and are interested in establishing their place of operation or production in the city;
- k. **“PREFERRED INVESTMENT AREAS”** shall mean economic activities that the Board shall have approved and declared as such after a thorough study and evaluation;
- l. **“REGISTERED ENTERPRISES”** shall mean those enterprises/businesses registered in accordance with the provisions of this Code.

**CHAPTER 4
TUGUEGARAO CITY INVESTMENTS AND INCENTIVES BOARD**

SECTION 5. THE TUGUEGARAO CITY INVESTMENTS AND INCENTIVES BOARD.

– The Tuguegarao City Investments and Incentives Board is hereby created to implement the provisions of this Code.

SECTION 6. COMPOSITION OF THE BOARD. The Board shall be composed of the following:

- | | |
|---------------|---|
| Chairman: | City Mayor |
| Co- Chairman: | President, Philippine Chamber of Commerce and Industry (PCCI) Local Chapter |
| Members: | <ul style="list-style-type: none"> • Chairman, Sangguniang Panlungsod (SP) Committee on Trade & Industry • Chairman, SP Committee on Ways and Means • The City Planning and Development Coordinator • The City Treasurer • City Agriculturist • Six (6) Private Sector Representatives from the Business (preferably from the Filipino-Chinese Chamber of Commerce), Media, Tourism, Financial Institution, Socio-Civic Organization and Cooperative sectors in the locality, duly accredited by the City Council to be appointed by the Local Chief Executive for a term of two (2) years. |

The Tuguegarao City Investments and Incentives Board may also invite representatives from the National Government Agencies (NGAs) such as the Department of Tourism (DOT), Department of Trade and Industry (DTI), Department of Environment and Natural Resources-Environment Management Bureau (DENR-EMB), Department of Science and Technology (DOST), Department of Labor and Employment (DOLE), Department of Public Works and Highways (DPWH) and other relevant stakeholders as resource persons/advisers.

Membership of the Board may be increased through the recommendation of the Board as it may be deemed necessary for the effective implementation of the provisions of this Code.

SECTION 7. 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 the Board may fix. The presence of at least a majority of all the members shall constitute a quorum. All decisions and policies must be approved by at least a majority of the members present during the meeting.

SECTION 8. 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 the City. Pursuant to this, the Board shall be vested with the following powers:

- a. To formulate and promulgate the governing rules and regulations in the implementation of the provisions of this Code;
- b. To commission economic and technical research for the purpose of identifying priority investment areas and activities to be promoted as well as incentives and support measures which should be extended to new investors to attract them into these areas and activities;
- c. To prepare a short and medium term investment development 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 supervise the Tuguegarao City Investment Promotion Center in its operations specifically in the implementation of the provisions of this Code and its implementing rules and regulations promulgated thereof;
- e. To evaluate and approve applications of proposed investment subject to the provisions of this Code as well as suspend or revoke any registration for due course;
- f. To establish cooperative undertakings with other local government units, national agencies and private sector organizations, as may be necessary for the effective and efficient implementation of this ordinance;
- g. To perform such other tasks which are necessary and incidental to the exercise and performance of the aforesaid functions.

SECTION 9. POWERS AND DUTIES OF THE CHAIRMAN. – The Chairman of the Board shall have the following powers and duties:

- a. Presides over the regular and special meetings of the Board;
- b. Recommends to the Board such policies and measures as may be deemed necessary to fulfill the objectives of this Code;
- c. Approves applications for the grant of fiscal incentives to qualified applicants in accordance with the policies set by the Board; and
- d. Exercises such other powers and perform such other duties as may be necessary to carry out the objectives of the Code.

SECTION 10. POWERS AND DUTIES OF THE CO-CHAIRMAN. – The Co-Chairman of the Board shall have the following powers and duties:

- a. Presides over the regular and special meetings of the Board in the absence of the Chairman;
- b. Recommends to the Board such policies and measures as may be deemed necessary to fulfill the objectives of this Code;
- c. Assists registered enterprises and prospective investors to have their papers processed with dispatch by all government offices, agencies, instrumentalities and financial institutions; and

- d. Performs the other duties of the Chairman in the absence of the latter, and such other duties as may be assigned to him by the Board.

SECTION 11. VISITORIAL POWER OF THE BOARD. The Board or any duly authorized representative thereof, shall be empowered and authorized to conduct an ocular inspection of the premises or examination of the business activity of any enterprise, including the records and books of any enterprise, registered or applying for registration, at any reasonable time of the day, during office hours, for verification or ascertaining the enterprise compliance with the provisions of the Code, or when the Board deems it necessary or incidental to the effective exercise and performance of their respective powers and functions.

CHAPTER 5 TUGUEGARAO CITY INVESTMENT PROMOTION CENTER

SECTION 12. TUGUEGARAO CITY INVESTMENT PROMOTION CENTER.

The Tuguegarao City Investment Promotion Center is hereby created, which shall be initially composed of the following personnel:

- a. One (1) City Economic and Investments Promotion Officer as Head of the Center;
- b. One (1) Investment Development Specialist;
- c. One (1) Economic Researcher; and
- d. One (1) Administrative Staff.

The Center shall be created and attached as a regular unit of the Office of City Mayor.

SECTION 13. POWERS AND DUTIES OF THE CENTER. – The Center shall act as the Technical Secretariat of the Board, which shall implement its policies and guidelines, and shall specifically perform the following duties:

- a. Prepare and implement Annual Investment Promotion Plan as approved by the Board.
- b. Receive, process and evaluate applications for availment of local incentives and submit recommendations for action by the Board;
- c. Provide the necessary support services to investors as guaranteed under this Code;
- d. Establish and maintain networking relations with other offices and agencies whenever appropriate and necessary;
- e. Collate, analyze, and compile pertinent data and information and conduct studies concerning areas that have been or may be declared as “Preferred Areas of Investments” by the Board;
- f. Prepare agenda for meetings of the Board and submit for the latter’s consideration and approval the policies and measures which are deemed necessary to carry out the provisions of this Code;
- g. Submit reports quarterly to the Board about its activities relative to the implementation of this Code;
- h. Perform such other functions that are necessary and incidental for the effective implementation of this Code.

SECTION 14. TECHNICAL FUNCTIONS OF THE CENTER. – The Tuguegarao City Investment Promotion Center, in addition to its powers and duties as provided for, shall do the following:

- a. Investor Assistance and Servicing. Assist prospective investors by providing assistance among others:
 - 1. One-stop documentation services
 - 2. Investment counseling; and
 - 3. Business matching.
- b. Investment or Trade Promotion and Generation. Handle promotional activities that will directly influence infusion of investments and influx of trade and tourism, such as:
 - 1. Trade and investment missions;

2. Investment seminars;
 3. Direct investment marketing;
 4. Trade fairs and exhibits;
 5. Investment briefings and orientations;
 6. Setting-up of a showroom or exhibition area; and
 7. Preparation and dissemination of investment promotional materials.
- c. Information Management and Development. In the area of information and development, shall:
1. Handle data generation, processing, and packaging;
 2. Handle data storage and retrieval;
 3. Support direct investor servicing through an information assistance desk;
 4. Review existing incentives and prepare recommendations and/or policy papers for its improvement; and
 5. Prepare project profiles, pre-investment studies, viability and feasibility, industry profiles and situational analysis.

SECTION 15. REPORTING. – The City Economic and Investments Promotion Officer as Head of the Center shall report to the Board matters affecting the plans, programs and performance of the Center periodically or as deemed necessary.

CHAPTER 6
PREFERRED AREAS OF INVESTMENT
and
APPROPRIATE INCENTIVES AND SUPPORT MEASURES

SECTION 16. PREFERRED AREAS OF INVESTMENT. –Incentives will be provided to new, expansion, modernization or diversification projects in the following investment areas:

a. INFRASTRUCTURE

This covers the development of commercial complex, transport systems, telecommunications, sports and convention centers, economic zone development, condominium development and balikbayan retirement villages. These infrastructure development projects may be implemented under the Public- Private Partnership Program (PPP) provided that it is in accordance with the Tuguegarao City Comprehensive Land Use Plan (CLUP).

b. TOURISM

This covers the development of forest and river parks, eco-tourism facilities, agri-tourism, recreation facilities and parks development. This also covers historic-cultural heritage projects and other service facilities provided by tourist operators as endorsed by the Department of Tourism (DOT).

c. LIGHT MANUFACTURING

This covers manufacturing activities of environmentally-friendly or non-polluting products such as but not limited to handicrafts, metal crafts, souvenirs and toys, garments, footwear and encouraging the use of indigenous and recyclable materials.

d. CREATIVE AND KNOWLEDGE BASED INDUSTRY

This covers ICT support services like Business Process Outsourcing (BPO) or Call Centers and IT Manpower Development.

e. AGRI-BUSINESS

This covers the commercial production, processing and marketing of agricultural products, organic agriculture, organic fertilizer production and agro-forest plantation.

f. WASTE MANAGEMENT PROJECTS

This covers waste management undertakings that include, but not limited to, the collection, segregation, conversion and utilization of waste products.

g. ALTERNATIVE ENERGY

This covers the exploration, development and generation of renewable or alternative sources of energy such as solar energy, windmills and waterwheels, biogas and biomass facilities.

SECTION 17. DETERMINATION OF ADDITIONAL INVESTMENT AREAS. – In consultation with other government and private sector leaders of Tuguegarao City, the Center may recommend to the Board additional investment areas for inclusion in the list of preferred investment areas which upon due deliberation and approval shall then be adopted for implementation under the Tuguegarao City Investment Program with the concurrence of the Sangguniang Panlungsod. The inclusion of additional investment areas shall be based on the following factors:

- a. Generation of high level of employment;
- b. High degree of value-added features;
- c. Creation of linkages with local industries; and
- d. Projects of historical and cultural value such as restoration of historical buildings, cultural revivals among others, in accordance with the program for historical or cultural revival of the locality.

SECTION 18. DELISTING OF A PREFERRED FIELD OF INVESTMENT. – In consultation with other government and private sector leaders of Tuguegarao City, the Center may recommend to the Board the delisting of investment areas from the list of preferred investment areas which upon due deliberation and approval shall then be adopted for implementation under the Tuguegarao City Investment Program with the concurrence of the Sangguniang Panlungsod. The delisting of preferred investment area shall be based on the following factors:

- a. Sufficient investment in the area or activity have been attained;
- b. The continued extension of incentives or support measures for the specific investment area is no longer to the interest of Tuguegarao City; or
- c. The investment area or activity cannot attract investors within reasonable time and cost or may result in unfavorable business climate.

**CHAPTER 7
REGISTRATION OF ENTERPRISES**

SECTION 19. QUALIFICATIONS OF A NEW ENTERPRISE. – A new enterprise which intends to avail of the incentives provided for in this Code must meet the following qualifications:

- a. The business enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution and thorough presentation of certificates of registration issued by either the Securities and Exchange Commission (SEC), Department of Trade and Industry (DTI), or Cooperative Development Authority (CDA) and other government accrediting agencies, as the case may be;
- b. Prospective investor's place of operation or production must be located within the territorial jurisdiction of Tuguegarao City;
- c. Prospective investment must be in activities in preferred areas of investments identified under this Code;
- d. The new enterprise must have a capitalization under the following categories:

Small-scale Enterprise:	Php 3,000,001- Php 15,000,000
Medium-scale Enterprise:	Php 15,000,001- Php 100,000,000
Large- scale Enterprise:	Above Php 100,000,000

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;

- e. The new small, medium or large scale enterprises shall provide at least thirty-five percent (35%) of their labor force for the employment of persons who are bona fide residents of Tuguegarao City giving equal opportunities for men, women, the indigenous people and the persons with disability (PWD);
- f. The enterprise shall provide necessary safeguards against pollution and other environmental and health hazards.

SECTION 20. QUALIFICATIONS OF AN EXISTING ENTERPRISE. – An existing enterprise which is expanding or modernizing, and intends to avail of the incentives under this Code must meet the following qualifications:

- a. The business enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution;
- b. The expansion, modernization or diversification must engage in activities mentioned in Section 16 hereof or in other preferred areas of investment as may hereafter be declared by the Board;
- c. Existing enterprise whose place of operation or production is already located within the territorial jurisdiction of Tuguegarao City, but which will undertake any of the following activities or projects:
 1. Relocate its principal office from other places in the Philippines to Tuguegarao City, 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. The expansion, modernization or diversification shall have a capitalization in reference provided under Section 19, item (d); Provided, that the amount of capitalization shall be based on the total project cost of such expansion, modernization or diversification as stated in the investor's project study submitted to and approved by the Board; and
- e. The expansion, modernization or diversification of small, medium or large scale enterprises shall provide at least thirty-five percent (35%) of their labor force for the employment of persons who are bona fide residents of Tuguegarao City giving equal opportunities for men, women, the indigenous people and the persons with disability (PWD);

SECTION 21. APPLICATION REQUIREMENTS. – Application shall be filed with the Board, recorded in a registration book and the date appearing therein and stamped on the application shall be considered the date of official acceptance thereof.

A non-refundable filing fee of One Thousand (P1,000.00) Pesos for small-scale enterprise, Two Thousand (2,000.00) Pesos for medium-scale enterprise and Three Thousand (3,000.00) Pesos in the case of a large-scale enterprise shall be paid together with the following documents for registration:

- a. Three (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 study of the proposed investment showing the project is economically, technically, financially feasible and environmentally viable;
- c. In case of corporation, a copy of its Articles of Incorporation and By-laws as approved by the Securities and Exchange Commission (SEC), and the Cooperative Development Authority (CDA), as the case may be;
- d. A certified true copy of its Certificate of Registration with the SEC, CDA, and DTI, 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 22. CERTIFICATE OF REGISTRATION. – A registered enterprise under this Code shall be issued a Certificate of Registration with the signature of the Chairman of the Investments and

Incentives Board. The Certificate of Registration shall be in such form and style as the board shall determine.

SECTION 23. CANCELLATION OF REGISTRATION. – Registration will be automatically cancelled for failure to commence operation within one (1) year from approval of the application but may be extended for another six (6) months by a decision of the Board.

CHAPTER 8 NON- FISCAL INCENTIVES

SECTION 24. NON-FISCAL INCENTIVES. – To enhance investor confidence in the incentive program, the City Government shall provide:

- a. One stop documentation for simplified registration procedure with the assistance from the Tuguegarao City Investment Promotion Center;
- b. Assistance in resolving issues and concerns with National Government Agencies, NGOs and other service providers;
- c. Support for industrial peace through reconciliation and mediation;
- d. Assistance in securing electric power and water supply connection;
- e. Coordination in the negotiation of special rates for utilities for industries with a certain minimum load, if feasible;
- f. Assistance in site selection and negotiation for right of way;
- g. Networking with concerned National Government Agencies (NGAs) and other similar institutions for trainings of workers to enhance skills of manpower of the enterprise
- h. Assistance in identifying and sourcing of skilled human resources;
- i. Facilitation of outbound and inbound missions of investors; and
- j. Such other aftercare services that may be accorded to investors.

CHAPTER 9 FISCAL INCENTIVES

SECTION 25. FISCAL INCENTIVES. In addition to the incentives provided by law and by the Local Government Code of 1991, a registered enterprise qualified under this Code shall benefit from Business and Real Property Tax exemptions that will be provided on a graduated basis within three (3) years from the start of its commercial operation.

For the first year of operation an exemption of 75% will be given, 50% on the second year and 25% on the third year. However, all participants to the Incentive Program are still required to secure the Mayor's Permit and such other permits necessary for the operation of their business.

The City may also give incentives known as "Green Incentives" to enterprises as Payment for Environmental Services (PES). PES projects may be in the form of environmental protection and climate change adaptation in poor, marginalized sectors of the society, technical and financial assistance on sustainable livelihood activities, green technologies that will reduce the poor's vulnerability to climate change, financing protection or rehabilitation of degraded ecosystems, and other environmental activities formally agreed on with concerned communities and Tuguegarao City Government.

CHAPTER 10 APPROPRIATIONS

SECTION 26. APPROPRIATIONS. – The amount necessary to implement the provisions of this Ordinance shall be appropriated in the Annual Budget of Tuguegarao City.

**CHAPTER 11
FINAL PROVISIONS**

SECTION 27. PENAL CLAUSE. – Any violation of the provisions 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 of all the incentives granted under this Code.

SECTION 28. 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 29. REPEALING CLAUSE. – Ordinances, executive orders and other local legislation inconsistent with this Code are hereby modified or repealed accordingly.

SECTION 30. EFFECTIVITY. – This Code shall take effect immediately upon its approval and in accordance with the provisions of the Local Government Code of 1991.


On motion of Hon. Estelita U. Dayag, and without objection from the Body, **CITY ORDINANCE NO. 004-2014** was UNANIMOUSLY APPROVED.

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I HEREBY CERTIFY TO THE CORRECTNESS OF THE FOREGOING:


JOEL JOSEPH L. EGIPTO
Secretary to the Sangguniang Panlungsod

ATTESTED:


HON. ENGELBERT C. CARONAN, JR.
City Vice Mayor
Presiding Officer

APPROVED:


HON. JEFFERSON P. SORIANO
City Mayor
Date approved: 6/20/14