EXCERPT FROM THE JOURNAL OF THE REGULAR SESSION OF THE
SANGGUNIANG BAYAN OF GERONA, HELD AT THE SESSION HALL
ON MONDAY, 12 SEPTEMBER 2005 AT 2:00 P.M.

PRESENT:

Hon. Holden N. Sembrano - Temporary Presiding Officer
Hon. Daisy Damsay-Mamba - Municipal Councilor
Hon. Edwin Akdrin R. Yamoyan - do-
Hon. Manuel C. Milla - do-
Hon. Ronjie L. Daquigan - do-
Hon. Eduardo M. Lumagui, Jr. - do-
Hon. Antonio C. Perez, Jr. - do-
Hon. Benjamin R. Nogoy - do-
Hon. Pacifico L. Agudo - ABC President
Hon. Angel Chris U. Lopez - SKF President

ABSENT:
None

ORDINANCE NO. 338
Series of 2005

ENACTING THE GERONA INVESTMENT INCENTIVE ORDINANCE
OF 2005.

BE IT ORDAINED, by this Sangguniang Bayan in session assembled, that

CHAPTER I
TITLE AND DECLARATION OF POLICY

Section 1. Title. This ordinance shall be known and cited as the "Gerona Investment Incentive Ordinance of 2005."

Section 2. Declaration of Policy. It is hereby declared the policy of the Municipality of Gerona to encourage new private investments, to expand or diversify in business areas which will provide employment opportunities, raise the standard of living of the Geronians, provide for an equitable opportunity for business, and accelerate the sound economic development of the municipality in accordance with the Municipal Development Plan, and consistent with the Provincial National Development Plan.

The Municipality of Gerona welcomes and encourages domestic and foreign investors to establish enterprises that would utilize substantial amount of labor, raw materials and natural resources of the municipality. In view thereof, it is further declared the policy of the municipality to promote the establishment and operation of private businesses to serve as active partners in enhancing and achieving economic development.

CHAPTER II
DEFINITION OF TERMS

Section 3. As used in this ordinance, the following terms and phrases shall mean as follows:

a. Gerona - refers to the Municipality of Gerona
b. Board - shall refer to the Gerona Investment Incentive Board (GIB) created under this ordinance
d. New investors/enterprises – shall refer to those prospective investors/enterprises who have not engaged in any kind of or type of business in Gerona and are interested in establishing their places of operation or production in the municipality.
e. Capitalization – shall mean the amount of investment in a business that has been paid by a corporation, cooperative or partnership of a single proprietorship, which may be in the equivalent cash or in property capital investment.
f. Existing Enterprises – shall refer to those businesses enterprises whose places of operation of production are already within the territorial jurisdiction of the Municipality of Gerona.
g. Registered Enterprises – shall refer to those enterprises/businesses registered in accordance with the provisions of this ordinance and its Implementing Rules and Regulations.
h. Tax – shall refer to the rate of sum of money assessed on a person or property for the support of the government, and commonly levied upon assets or real property or income derived from wage, or upon the sale of purchase of goods. For purposes of this ordinance, other levies that may be imposed by the province pursuant to the provisions of R.A. 7160.
i. Investment Priority Area – shall refer to the economic activities cited under Chapter V, Section II of the Gerona Investment Incentive Ordinance of Gerona.

j. Center – shall refer to the Gerona Investment Planning and Promotions Desk (GIPPC).

CHAPTER III
GERONA INVESTMENT INCENTIVE BOARD (GIIB)

Section 4. The Gerona Investment Incentive Board. For the purpose of formulating and implementing the provisions of this ordinance a Gerona Investment Incentive Board (GIIB) is hereby created.

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

Chairman

The Municipal Mayor

Members

The duly elected representative from the NGO (Business Sector),
Chairman of the Committee on Tourism, Trade, Commerce and Industry,
Chairman of the Committee on Finance, Budget and Appropriations,
Chairman of the Committee on Labor and Employment of the Sangguniang Bayan,
Representative from the Department of Trade and Industry, Provincial Office,
Head, Municipal Agriculture Office,
Head, Engineering Office,
Head, Municipal Planning and Development Office,
PESO Office.
The members of the Board may be increased by the Sangguniang Bayan through the recommendation of the Board as it may deem necessary for the effective implementation of the provision of this ordinance.

Section 5. Meetings and Quorum of the Board. The Board shall meet at least once every quarter or as often as may be necessary, on such days and as it may fix. The presence of at least a majority of its members shall constitute a quorum in a meeting validly held shall be required for the Board to exercise its powers and perform its functions.

Section 6. Creation of the Gerona Investment Planning and Promotion Center (GIPPC). There shall be created a Gerona Investment and Planning and Promotion Center under the Mayor’s Office, consisting of a Project Development assistant who shall serve as liaison and Technical Secretary of the GIPPC and shall assist the Board in the delivery of its functions. The GIPPC will be tasked to provide effective and prompt assistance to investors who wish to establish business in the municipality and to respond to general inquiries on investment opportunities, incentives, rules, regulations, and other related information. It is also tasked to handle the efficient registration and processing of permits/licenses. The GIPPC in coordination with the Department of Trade and Industry, Tarlac Provincial Office and other national and local agencies, shall upon authority of the Board, draw plans and programs and initiate investment promotion activities for the municipality.

Section 7. Powers and Functions of the Board. The primary function of the Board shall be to establish a favorable and stable business climate in the municipality and to encourage and support private investors in the operation of their business, consistent with the economic development needs of Gerona. Pursuant to this, the Board shall be vested with the following powers:

a. To screen, evaluate, accept, approve or disapprove applications for registration for the availing of this investment incentives and to issue Certificate of Registration;

b. To accept all applications and be acted upon within ten (10) working days upon submission of complete documents;

c. To conduct hearings on issues concerning violations committed against any provision of this ordinance and its implementing rules and regulations;

d. To enter into a contract with other government agencies and private business organizations for the purpose of simplifying the systems and procedures in establishing new investment in Gerona;

e. To conduct short and medium-term investment promotional activities such as Trade and Investment Missions, Business Conference, Forum and other related activities to attract targeted investors and generate employment;

f. The Chairman, or any majority of the Board can call for a meeting to formulate rules and guidelines to ensure compliance with the provisions of this ordinance. The Board shall meet once every quarter and as needs arise.

Section 8. Powers and Functions of the Chairman. The Chairman shall have the following powers and duties:

a. To preside over all meetings of the Board;

b. To render annual reports to the Local government Unit of Gerona and such special reports as may be requested.
SANGGUNI ng BAYAN

HON. DENNIS NORMAN T. GO
Vice Mayor/Presiding Officer
Acting Municipal Mayor

MUNICIPAL COUNCILORS

Hon. Holden C. Sambrano

Hon. Daisy Diamsay-Mamba

Hon. Edwin Antonio Y. Vornoyam

Hon. Manuel C. Milla

Hon. Ronjle L. Daquigan

Hon. Edualdo M. Lumagui, Jr.

Hon. Antonio C. Perez, Jr.

Dr. Benjamin F. Ninosoy

Dr. Pacifico C. Agudo

Dr. Anna C. Lopez

Joseph M. Pesia

Signatory

CHAPTER V

INVESTMENT DEVELOPMENT PLAN

Section 10. Investment Development Plan. The Board, after consultation with appropriate government agencies and the private business sector in the municipality shall submit an Annual Investment Development Plan to the Sangguniang Bayan for evaluation and approval.

Section 11. Coverage. Business enterprises considered as Investment Priority Areas (IPA) having the following type or nature of business shall be given priority in acquiring incentives under this ordinance. However, IPA shall be subjected to regular/annual review of the Board.

a. Agribusiness Enterprises such as but not limited to:
   a.1 Production and Processing of High Value Crops;
   a.2 Production and Processing Fruits;
   a.3 Food Terminals;
   a.4 Agricultural and Processing/Storage Facilities;
   a.5 Post Harvest Facilities.

b. Miscellaneous light manufacturing activities such as but not limited to:
   b.1 Garments;
   b.2 Fashion accessories and leather goods;
   b.3 Furniture;
   b.4 Gifts, toys and house ware;
   b.5 Metal Craft;
   b.6 Foods and food preparations;
   b.7 Other consumer manufactures.
c. Property Development such as but not limited to:
   c.1 Private Industrial Estate;
   c.2 Commercial/Office Buildings;
   c.3 Housing Development
   c.4 Convention Center Establishment
   c.5 Accommodation facilities;
   c.6 Telecommunications development enterprise;
   c.7 Recreational enterprise.

d. Local Utilities

Section 12. Amendments. The Board, at any time, may amend to redefine the areas in the investment development plan, alter any of the terms of the declaration of an investment area or the designation of the measured capacities, or terminate the status of preference. In no case, however, shall any amendment of the plan impair whatever the Board may have already legally vested in the registered enterprises which shall continue to enjoy such rights to the full extent of this ordinance and its implementing rules and regulations.

CHAPTER VI
REGISTRATION OF ENTERPRISES

Section 13. Qualification of New Enterprise. This ordinance shall apply to any person, partnership or corporation, association and cooperative, provided that they meet the following qualifications:
   a. Must be qualified to do business and must have complied with all the requirements of a legitimate business in accordance with the law and the constitution;
   b. In case of a single proprietorship, partnership, association and cooperative, it shall be duly registered with the appropriate government agencies such as the Department of Trade and Industry (DTI), the Securities and Exchange Commission (SEC), the Cooperative Development Authority (CDA) and other concerned government agencies;
   c. The new enterprise must have a capitalization of:
      1. Over three million pesos but not more than fifteen million pesos in case of a Small-Scale Enterprise;
      2. Over fifteen million pesos but not more than twenty five million pesos in case of a Low Medium-Scale Enterprise;
      3. Over twenty five million pesos but not more than one hundred million pesos in case of a Medium-Scale Enterprise;
      4. More than one hundred million pesos and above in case of a Large-Scale Enterprise.

Section 14. Qualification of an Existing Enterprise. An existing enterprise may avail of assistance, promotions and incentives provided for under this ordinance, provided that it meets the following requirements:
   a. That the existing business enterprises must have complied with all the requirements of a legitimate business as provided for under existing local and national laws and Constitution,
b. That the existing enterprise whose place of operation or production is already located within the territorial jurisdiction of the Municipality of Gerona but will 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 increased production capacity.

c. That the existing enterprise is not a delinquent enterprise.

d. That the expansion/diversification shall have a capitalization of:
   1. Over three million pesos but not more than fifteen million pesos in case of a Small-Scale Enterprise.
   2. Over fifteen million pesos but not more than twenty five million pesos in case of a Low Medium-Scale Enterprise.
   3. Over twenty five million pesos but not more than one hundred million pesos in case of a Medium-Scale Enterprise.
   4. More than one hundred million pesos and above in case of a Large-Scale Enterprise.

Provided that the amount of capitalization shall be based on the total projected cost of such expansion/diversification as stated in the investor’s project study submitted to and approved by the Board.

Section 15. Application, Approval and Registration Procedures.
Applications shall be filed with the Board recorded in a registration book. The date stamped on the application shall be considered the date of official receipt thereof.

The following non-refundable filing fee be paid as follows:

<table>
<thead>
<tr>
<th>Enterprise Type</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Small-Scale Enterprise</td>
<td>P2,500.00</td>
</tr>
<tr>
<td>Low Medium-Scale Enterprise</td>
<td>P5,000.00</td>
</tr>
<tr>
<td>Medium-Scale Enterprise</td>
<td>P7,500.00</td>
</tr>
<tr>
<td>Large-Scale Enterprise</td>
<td>P10,000.00</td>
</tr>
</tbody>
</table>

Required Documents for Registration:

a. Four (04) copies of completed application form to be provided by the Board in accordance with the provisions of this ordinance and its implementing rules and regulations;

b. Copy of the complete project study of the proposed investment, showing that the project is economically, technically, and financially feasible and viable;

c. Copy of the Securities and Exchange Commission Registration Certificate together with the Articles of Incorporation and By Laws with the Securities and Exchange Commission and Board of Investments, and the Department of Trade and Industry, as the case may be; and

d. Resolution of the applicant’s Board of Directors, in case of a corporation authorizing the filing of application.

Registration Procedure:

a. Application shall be submitted to the Center, together with the required documents;

b. The applicant pays the non-refundable filing fee;

c. Submitted project study will be evaluated by the Center;

d. If found not qualified, the Center will inform the applicant;
SANGGUNIANG BAYAN

Section 16. Certificate of Registration. A business enterprise registered with the Gerona Investment and Incentive Board with its application approved under this ordinance and its implementing rules and regulations 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 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;

c. The other terms and conditions to be observed by the registered enterprise by virtue of its registration.

Chapter VII
INCENTIVES

Section 17. Incentives and Registered and Existing Enterprises. In addition to incentives provided by the law, provincial government and national government as well, an enterprises registered under the Code shall enjoy the following incentives:

a. Shall be exempted from paying permit fee on machineries and other heavy equipment:

For Small-Scale Enterprise (Over 3M-15M)
50% exempt – 1st year
25% exempt – 2nd year
0% exempt – 3rd year

For Low-Medium-Scale Enterprise (Over 15M-25M)
100% exempt – 1st year
50% exempt – 2nd year
0% exempt – 3rd year

For Medium-Scale Enterprise (Over 25M-100M)
100% exempt – 1st year
100% exempt – 2nd year
50% exempt – 3rd year
25% exempt – 4th year
0% exempt – 5th year

For Large-Scale Enterprise (Over 100M)
100% exempt – 1st year
100% exempt – 2nd year
100% exempt – 3rd year
50% exempt – 4th year
25% exempt – 5th year
SANG GUNIANG BAYAN

b. Shall be exempted from paying business tax:

For Small-Scale Enterprise (Over 3M-15M)
- 50% exempt - 1st year
- 25% exempt - 2nd year
- 0% exempt - 3rd year

For Low-Medium-Scale Enterprise (Over 15M-25M)
- 100% exempt - 1st year
- 50% exempt - 2nd year
- 0% exempt - 3rd year

For Medium-Scale Enterprise (Over 25M-100M)
- 100% exempt - 1st year
- 100% exempt - 2nd year
- 50% exempt - 3rd year
- 25% exempt - 4th year
- 0% exempt - 5th year

For Large-Scale Enterprise (Over 100M)
- 100% exempt - 1st year
- 100% exempt - 2nd year
- 50% exempt - 3rd year
- 50% exempt - 4th year
- 25% exempt - 5th year

c. Shall be exempted from paying Mayor's Permit provided that the enterprise will be employing bona fide residents of the Municipality of Gerona with respect to the following labor force:

No less than 20% of the labor force in case of Small-Scale Enterprise
50% exempt for one year

No less than 30% of the labor force in case of Low-Medium-Scale Enterprise
70% exempt for one year

No less than 50% of the labor force in case of Medium-Scale Enterprise
80% exempt for one year

No less than 70% of the labor force in case of Large-Scale Enterprise
100% exempt for one year

Incentives granted to existing enterprises shall apply to additional capitalization and shall not apply to previous investment. In no case, however, shall rights to incentives be transferred from legal grantee to another and shall be enjoyed on one occasion only.

CHAPTER VIII
APPROPRIATIONS

Section 18. Municipal Investment Promotion Fund. The Municipal government shall appropriate annually, based on the budget presented by the Board.
The necessary funding requirements for the continued operation of Gerona Investment Planning and Promotion’s Desk and the implementation of various programs and activities as provided for under the implementing rules and regulations of this ordinance. Said fund shall be used for investment promotional collaterals, conduct of Business Conference/Forum and Trade Mission, both local and foreign, and maintenance of Business and Promotions Division subject to the usual accounting and auditing rules and regulations.

CHAPTER IX
FINAL PROVISIONS

Section 19. Exception. This ordinance shall not apply to financing of banking institutions and other enterprises, which are governed by the Central Banking Act and under the supervision of the Bangko Sentral ng Pilipinas (BSP).

Section 20. Formulation of Implementing Rules and Regulations. The Municipal Mayor, acting as Chairman of GilIB, shall convene the Board and formulate and promulgate the Implementing Rules and guidelines necessary for the efficient and effective implementation of the Code.

Section 21. Inspection. The Board is empowered and authorized to conduct inspection of the premises or examination of the business of the registered enterprises on their progress.

Section 22. Penal Clause. Violation of any provision of this ordinance and its implementing rules and regulations and violation of existing local and national laws, ordinances, rules and regulations shall cause forfeiture of the incentives and privileges granted the registered enterprise, and shall be required to pay all taxes and fees due from the start of its business operation upon findings and recommendation of the Gerona Investment Incentives Board. Violation of any of the provisions of this ordinance shall be penalized with a fine of not less than one thousand pesos (P1,000.00) but not more than five thousand pesos (P5,000.00), and/or imprisonment of not less than one (01) month but not more than six (06) months or both, at the discretion of the court. In case violation is committed by a partnership, corporation, association, or cooperative, the Manager or President or chief Executive Officer as the case may be, shall suffer the penalty provided herein.

Should a violation be penalized in accordance with existing laws or the Revised Penal Code, the penalty therein imposed shall apply if found to be higher but without prejudice to the other penal impositions this ordinance imposes in the preceding section hereof.

Section 23. Separability Clause. The provisions of this ordinance 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 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.
HON. DENNIS NORMAN T. GO
Vice Mayor/Presiding Officer
Acting Municipal Mayor

MUNICIPAL COUNCILORS

Hon. Holden N. Sembrano

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Hon. Eduardo M. Lumagui, Jr.

Hon. Antonio de Perez, Jr.

Hon. Joseph R. Nogoy

Hon. Pacifico L. Agudo

Hon. Angel Chris U. Lopez

Municipal Ordinance No. 05-2

Section 25. Effectivity. After its approval, this ordinance shall take effect sixty (60) days after its publication in a newspaper of general circulation in the municipality.

I certify that the above quoted ordinance was unanimously approved by this Sanggunian during its regular session held on 12 September 2005.

JECIEL M. IGLESIAS
Secretary to the Sanggunian

ATTESTED TO BE DULY ENACTED:

HOLDEN N. SEMBRANO
Temporary Presiding Officer

APPROVED:

DENNIS NORMAN T. GO
Acting Municipal Mayor

Mr. Jesus M. Iglesia
Municipal Clerk