



Republic of the Philippines
Province of Aurora
MUNICIPALITY OF BALER

Office of the Sangguniang Bayan

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE SANGGUNIANG BAYAN OF BALER, AURORA WHICH WAS HELD ON JULY 25, 2012 AT THE SB SESSION HALL, LEGISLATIVE BUILDING.

Present:

Hon. Nelianto C. Bihasa	Vice Mayor-Presiding Officer
Hon. Danilo M. Ong	SB Member
Hon. Karen G. Angara-Ularan	SB Member- PCL President
Hon. Noel P. Go	SB Member
Hon. Arthur L. Sanchez	SB Member
Hon. Reynaldo E. Mapindan	SB Member
Hon. Gina T. Ritual	SB Member
Hon. Nenita DS. Gonzales	SB Member
Hon. Sonia G. Amatorio	SB Member
Hon. Gina Z. Agapito	SB Member-ABC President
Hon. Aya Rose L. Avellaneda	SB Member-SK Fed. Chairman

ORDINANCE NO. 009-2012

AN ORDINANCE ENACTING THE BALER MUNICIPAL INVESTMENT CODE OF 2012 AND FOR OTHER PURPOSES.

Be it ordained by the Sangguniang Bayan of Baler, Aurora in session assembled:

**CHAPTER I
TITLE AND DECLARATION OF POLICY**

Section 1. Title. This ordinance shall be known as the **BALER MUNICIPAL INVESTMENT CODE OF 2012.**

Section 2. Declaration of Policy. It is the policy of the Municipal Government of Baler to encourage both local and foreign investments that will result in the mutual benefits of its residents and investors, taking into account the principles of sustainable development, wise utilization of natural resources, equitable distribution of wealth and holistic human resource development. Along this line, the following are the investment policies of the municipality:

- a) To encourage Filipino and foreign investments as hereinafter set out, in projects to develop ecotourism, agricultural, processing and manufacturing industries which increase municipal income, bring about economic upliftment, provide more opportunities for employment, and raise the standard of living of the people of Baler;
- b) To encourage investment projects that would utilize local labor, substantial amount of indigenous raw materials, and other natural resources of the municipality;
- c) To promote products of Baler in order to maximize production, attain self-sufficiency and optimal productivity;
- d) To promote the active participation of non-government organizations and the private sectors as partners and catalysts in achieving the development goals of the municipality; and

- e) To promote investor-friendly program such as the streamlining of critical procedures of government frontline agencies and initiate transparency in their undertakings with their commitments.
- f) To welcome and encourage foreign capital to establish pioneer enterprises that are capital and labor intensive and would utilize a substantial amount of domestic raw materials, in joint venture with substantial Filipino capital whenever available.
- g) To accelerate the sound development of the municipal economy, in consonance with the principles and objectives of economic nationalism, and in pursuance of the planned economically feasible and practicable establishment of industries.

The Municipal government of Baler acknowledges its lead role in promoting industrial peace and security in establishing infrastructure facilities and as agent in the transformation of the community into a responsive citizenry.

Finally, the Municipality manifests its desire to attract investors through efficient and effective governance, ensuring management continuity of policies, providing fiscal incentives, supportive and facilitative political climate and providing adequate support promoting political stability.

Section 3. Scope and Coverage. These rules shall apply to all persons, entities or enterprises, government and non-government organization and instrumentalities to the extent provided in the Code and within the territory of the Municipality.

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

CHAPTER II PURPOSE, OBJECTIVE AND GOAL

Section 4. Purpose, Objective and Goal. This Code has the following purpose, objectives and goals:

1. Enhance the image of the Municipality of Baler as a competitive location of business in the Province of Aurora;
2. Promote an investment and business-friendly environment that facilitates expeditious processing of documents on matters related to investments;
3. Promulgate investment policy guidelines for investors to have accessible information on local investment priority areas and corresponding tax exemptions, privileges and incentives;
4. Encourage the establishment of investment projects that are able to utilize indigenous natural resources and raw materials, as well as those that are labor-intensive and environment –friendly industries;
5. Integrate and supplement the investment incentive law of the national government appropriate to local initiative to attract both local and foreign investors;
6. To generate jobs; and
7. To increase value-added of local products.

CHAPTER III DEFINITION OF TERMS

Section 5. Definition of terms. When used in this Code, the following terms and phrases shall mean as follows:

- a) “**MIBB**” or “The Board” shall refer to the Municipal Investment Board of Baler.

- b) **"Code"** shall refer to the Baler Municipal Investment Code of 2012.
- c) **"Existing Enterprises"** shall refer to those establishments or enterprises whose places of operation or production are physically located within the territorial jurisdiction of Baler.
- d) **"Expansion Projects"** include modernization, rehabilitation, increase of existing volume or value of production, upgrading the quality of registered product or utilization of inefficient or idle equipment under such guidelines as the Board may adopt.
- e) **"Incentives"** shall refer to fiscal and non-fiscal incentives as provided for in this Code.
- f) **"New Investors/Enterprises"** shall refer to investors that have not or are not currently engaged in any kind or type of business in Baler but intends to actually establish their place of operation or production in Baler.
- g) **"Preferred Areas of Investments"** refer to economic activities or sectors declared as priority investment areas by the Board in accordance with the provisions of this Code.
- h) **"Registered Enterprises"** refers to enterprises or businesses registered in accordance with the provisions of this Code.
- i) **"Processing"** shall mean the conversion of raw materials into marketable form through physical, mechanical, chemical, electrical, biochemical, biological or other means but shall exclude packing and packaging and rice and corn milling.
- j) **"Regreening"** refers to the planting of trees on specified locations by an enterprise and ensuring the care and survival of the planted trees.
- k) **"Restoration/Renovation"** shall mean the repair and/or putting back to its original state any or all buildings, houses and other infrastructure with historical significance.

**CHAPTER IV
THE MUNICIPAL INVESTMENT BOARD OF BALER**

Section 6. Creation of Municipal Investment Board of Baler. There is hereby created a body to be known as the *Municipal Investment Board of Baler* to implement the provisions of this Code.

Section 7. Composition of the Board. The Board shall be composed of the following:

- Chairman - Municipal Mayor
- Co-Chairman - Municipal Vice-Mayor
- Members - Chairman, SB Committee on Public Works & Infrastructure
- Chairman, SB Committee on Finance, Budget and Appropriations
- Chairman, SB Committee on Ways and Means
- Chairman, SB Committee on Tourism
- Chairman, SB Committee on Trade and Industry
- Chairman, SB Committee on Market/Slaughterhouse
- Chairman, SB Committee on Food and Agriculture
- Municipal Planning and Development Coordinator
- Municipal Treasurer
- Municipal Budget Officer
- Municipal Tourism Officer
- Municipal Environment & Natural Resources Officer
- Business Permit & Licensing Division Head
- Representative of accredited Non-Government Organizations (NGOs)
- Representative from the Philippine Chamber of Commerce & Industry-Aurora Chapter

The membership of the Board may be increased or decreased by the Sangguniang Bayan upon the recommendation of the Board for the effective implementation of the Code.

Section 8. Meetings and Quorum of the Board. Within thirty (30) days upon approval of this Code, the Municipal Mayor, in his capacity as Chairman, shall convene the Board after appointing the members mentioned in Section 7 hereof. The Board shall meet at least once in every quarter or as deemed necessary, on such a day and time as it may fix. The presence of the majority of its voting members shall constitute a quorum and a majority of a meeting shall be required to exercise its powers and perform its functions.

Section 9. Powers and duties of the Board. The primary function of the Board shall be to establish policies for a favorable and stable business climate that will encourage and support private sector investments and the operation of economic activities consistent with the development needs of the Municipality of Baler. Pursuant to this, the Board shall be vested with the following powers and functions:

- a. To formulate rules and regulations to implement the intent and provisions of this Code and to create other technical working committees if necessary to facilitate the effective execution of this Code;
- b. To conduct trade missions for the purpose of inviting investors as well as providing necessary information and dissemination drive to parties willing to avail of the Investment Incentive Program under this Ordinance;
- c. To adopt a short and medium term investment promotion program, which shall include among others, the list of priority investment areas and activities and corresponding incentives and support government measures to attract targeted investors;
- d. To review and update the fiscal and non-fiscal incentives granted to registered enterprises under this Code;
- e. To deliberate and approve within thirty (30) days from receipt thereof any application for registration imposing such terms and conditions as it may deem necessary to attain the objectives of this Code;
- f. After due notice, cancel the registration or suspend the enjoyment of incentives of any registered enterprise and/or require fund of incentives enjoyed by such enterprise including interests based on the following reasons:
 - f.1 failure to maintain the qualifications required this Code; and
 - f.2 violation of any of the provisions of this Code, of the terms and conditions of registrations or of existing local and national laws.
- g. To enter into agreements with other government agencies and/or private organizations for simplifying the systems, procedures and requirements on investments and business operation and promotions in the Municipality of Baler;
- h. To secure additional funding and other resources to supplement the budgetary support provided by the Municipal Government for the operation of the Secretariat in the implementation of this Code;
- i. To review the package of appropriate incentives and support measures every three (3) years as the need arises; and
- j. To perform such other functions as may be deemed necessary for the successful implementation of this Code.

CHAPTER V
THE SECRETARIAT

Section 10. The Municipal Local and Regional Economic Development Division (MLREDD). The MLREDD shall act as Secretariat of the Board and will supervise the implementation of the provisions of this Code.

Section 11. Duties & Functions of the Secretariat. The MLREDD, as Secretariat of the Board, shall have the following duties & functions:

- a. Prepares agenda for all meetings of the Board and its corresponding minutes and/or highlights;
- b. Prepares annual reports of the Board about its activities relative to the implementation of this Code within sixty (60) days after the close of each calendar year;
- c. Prepares the budget proposal for the operation and maintenance of the investment promotion services and submits the same for consideration by the Board;
- d. Undertake pro-active and re-active market development and investment promotion activities;
- e. Provide technical assistance and facilitative services to prospective investors and registered enterprises, more specifically on the following areas:
 1. One-stop documentation services (facilitating business permits, licenses, incentive availment and other requirements under existing local and national laws deemed applicable to the project proposal); and
 2. Business matching.
- f. Evaluate all application for availment of incentives as provided in this Code, and it shall have specific duties and responsibilities:
 1. Accepts and evaluates all applications in terms of completeness of requirements mandated under existing local and national laws, conformity of investment proposal to the preferred areas of investments and other policies embodied in this Code;
 2. Notifies the applicants on the deficiencies of the applications within ten (10) working days after the receipt of applications; and
 3. If the application is complete, evaluates and submit recommendations for action of the Board.
- g. Handles information management and development and shall continuously provide for comprehensive undertaking of active marketing and promotional programs and activities that will directly influence the infusion of local and foreign investments as well as the influx of trade and tourists. As such, it shall:
 1. Collate, analyze and compile pertinent data and information as well as conduct studies and/or researches concerning areas that may be considered as preferred areas of investment by the Board;
 2. Review existing incentives and other similar policies and recommend to the Board any modification and/or amendments thereof;
 3. Handle data storage and retrieval; and
 4. Initiate and plan for the conduct of trade and investment missions, trade fairs and exhibits and investment seminars.

Section 12. MLREDD Services. Pursuant to its duties and functions, the MLREDD shall provide the following services, among others:

- a. Provide information on investment opportunities, business procedures, permit requirements, government regulations and other data required by the investor;
- b. Assist investors in completing the requirements of government regulatory agencies;
- c. Make referrals to relevant government bodies, support organizations, service providers and important contacts;
- d. Organize appointments, itineraries and site visits including arrangements for logistical support;
- e. Report updates regarding major infrastructure projects in the municipality, both existing and planned, as well as the other programs and developments that will impact the business environment; and
- f. Undertake an active advocacy campaign to push infrastructure programs aimed at providing necessary facilities, as well as policy reforms to enhance investment climate.

CHAPTER VI INVESTMENT PRIORITIES PLAN

Section 13. Criteria in determining Investment Priority Areas. Economic activity that shall be included in the Investment Priorities Plan must be environmentally, socio-economically, technically and financially sound after thorough investigation and analysis by the Board. The determination of the preferred areas of investment to be listed in the Investment Priorities Plan shall be based on the following:

- a. Long-run comparative advantage
- b. Economic soundness
- c. Extend of contribution of the activity to a specific development goal
- d. Market and technical considerations
- e. Value of social objectives
- f. Job generation potential of the enterprise
- g. Utilization of the available raw materials
- h. Other indicators of comparative advantage

Section 14. Preferred Areas of Investments. The following shall be adopted as Priority Investment Areas by the Board:

- a. Eco-tourism:
 - Accommodation facilities
 - Nature Parks/Mountain Resorts
 - Transportation services
 - Restaurants/Food Outlets
 - Other tourism related services
- b. Light Manufacturing:
 - Precision Assembly
 - Semiconductors
 - Farm Implements
 - Furniture/Furnishing
 - Garments
 - Food Processing
 - Gifts & Holiday Decors

- Resource-based manufacturing
- c. Industrial Estate Development.
- d. Agri-business:
 - Post-harvest Facilities
 - High Value Crop Production
 - Feed Mills
 - Aquaculture
- e. Services:
 - Media/Advertising
 - Medical Services/facilities
 - Information & Communications Technology
 - Financial Services
 - Engineering/Architectural Services
 - Training & Sports Facilities
 - Development of Indigenous Power Sources
 - Human Resource Development

Section 15. Determination of Additional Investment Areas. Additional economic activities may be included in the list of priority investment areas by the Board and shall then be adopted for implementation under the Investment Promotion Program of the Municipality. The inclusion of investment priority areas shall be based on the following factors:

1. Employment generation
2. High degree of value-added features
3. Creation of linkages with local industries
4. No deleterious effect on the environment

The Board, however, may remove an area or activity from the list when any of the following conditions are present:

1. Sufficient investments in the areas or activity have been attained;
2. Continued extension of incentives or support measures for the specific investment area is no longer to the interest of Baler or may place the government and the public in adverse position;
3. The investment area or activity cannot attract investors within reasonable time and cost or may result in unfavorable business climate; and
4. Lack of progress in the implementation of an environmental management plan.

Section 16. Priority Investment Activities. The following are the priority investment activities which shall be encouraged in each of the priority investment areas:

1. Provision of incentives to existing enterprises;
2. Upgrading of existing hotels to standard class or better;
3. Construction of new commercial buildings;
4. Establishment of agro-processing complexes utilizing locally produces farm products, feed mills utilizing locally produced agricultural inputs, establishment and operation of new industrial estates or new industrial communities for labor intensive or value intensive enterprises;
5. New investments by enterprises made of a farmers association(s) or cooperative(s) on the one hand contributing land and other resources and a partner firm on the other contributing technology, managerial expertise, market linkages and capital resulting in the integration and modernization of farm production, processing and marketing.

Section 17. Non-area specific priority investment activities. New investments in economic activities which fall under any of the following categories shall be eligible for incentives even if they locate outside the defined priority investment areas:

- a. Investments resulting in the employment of a minimum number of employees for a given period as shall be fixed in the Implementing Rules and Regulations of this Code;
- b. Investments which results in products with a local raw materials content of at least 60 percent;
- c. Investments resulting in the development of the municipality's natural resources for tourism purposes, or the construction of infrastructure, or the operation of service facilities, or the production of souvenir items, all catering to tourist and of a type, class or category that will boost the municipality's attractiveness as a tourist destination;
- d. Investments which fall under any of the following categories:
 - i. Restoration/Renovation of old building, houses, sites and other structures with historical significance;
 - ii. Re-greening through tree planting; and
 - iii. Production of organic fertilizers

Section 18. Appropriate Incentives and support measures. To promote growth of investments in the municipality, particularly in the preferred investment areas, the Board shall review the package of incentives and support measures every three (3) years and recommend for approval of the Sangguniang Bayan the appropriate specific fiscal and non-fiscal incentives that the government shall grant to targeted investors and enterprises. Nothing in this Section shall also prevent the Board from reviewing the provisions of this Code and recommend revisions of the same to the Sangguniang Bayan. The Sangguniang Bayan by itself may also make such revisions.

CHAPTER VII REGISTRATION OF ENTERPRISES

Section 19. Qualifications for New Enterprises/Investors. New investors who intend to avail of the incentives as provided for in this Code must meet the following qualifications:

- a. Must have complied with all the requirements mandated under existing laws, local and national, and the Constitution;
- b. The prospective investor's place of operation or production shall be located within the territorial jurisdiction of the Municipality of Baler;
- c. Shall be duly registered with the appropriate government agencies such as the Department of Trade and Industry (DTI), Securities and Exchange Commission (SEC), Cooperative Development Authority (CDA), etc.;
- d. The prospective investors must engage in any or combination of activities in the preferred areas of investment as herein declared by the Board;
- e. The new enterprise must have a capitalization of at least Five Million Pesos (Php5,000,000.00) for Filipino proprietorship and not less than \$150,000 for foreign investors with at least 60% Filipino ownership;
- f. For single foreign investor, an initial capital investment of \$100,000 is required;
- g. Foreign companies intending to apply for registration must comply with the Foreign Investment Act of 1991;

- h. The new enterprise will hire/employ majority or 60% labor force and employment of persons who are bonafide residents of the locality, except on enterprises where the labor force requires special skills that are not available locally;
- i. The project must not have negative impact on the environment, whether in terms of pollution or resource use; and
- j. Local or foreign investors are encouraged to deposit their money to the banks located in the Municipality.

Section 20. Qualifications of an Existing Enterprise. Any existing enterprise may avail of the Incentives under this Code provided that the following qualifications are met:

- a. Must have complied with all the requirements mandated under existing laws, local and national, and the Constitution;
- b. The intended expansion or diversification must engage in economic activities identified as an investment priority area by the Board;
- c. The existing enterprise, whose place of operation or production is already located within the territorial jurisdiction of the Municipality of Baler, but will undertake any of the following activities/projects:
 - 1. Relocate its principal office from other place in the Philippines to the Municipality of Baler;
 - 2. Expand its existing production capacity or construction of 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 amount of capitalization shall be based on Section 19 (e) as stated in the investor's project study/proposal submitted to and approved by the Board;
- e. That the expansion/diversification shall have a project cost of at least Three Million Pesos (Php3,000,000) and provide additional employment of not less than ten (10) individuals; and
- f. The expansion or diversification project will include an environmental management plan.

Section 21. Registration Requirements. New or existing investors who intend to avail of the Investment Incentives in this Code shall accomplish the following requirements and file their application with the Board through the MLREDD, to wit:

- a. Three (3) copies of duly completed application form to be provided by the MLREDD in accordance with the provisions of this Code;
- b. Payment of a non-refundable filing fee of One Thousand Pesos (Php1,000) subject to the adjustment as approved by the Board;
- c. A complete project study of the proposed investment showing that the project is economically, technically, financially and environmentally feasible and viable;
- d. A copy of Articles of Incorporation and By-laws as approved by the Securities and Exchange Commission (SEC or the Department of Trade and Industry (DTI) or the Cooperative Development Authority (CDA) registration papers, as the case may be;
- e. A copy of the company's Board Resolution, in case of Corporation, authorizing the person to file the application;
- f. List of Directors and other principal officers and their respective nationalities and current addresses, as certified by the Corporate Secretary;

- g. For existing enterprises, a copy of the latest Financial Condition of the applying firm; and
- h. Authenticated copy of all requirements mandated under existing local and national laws, rules and regulations.

Section 22. Registration Procedures and Evaluation of Applications. The Board shall formulate appropriate rules and regulations to facilitate action on applications filed, prescribed criteria for the evaluation of applications with payment of corresponding fees/charges, and devise standard forms for use by the applicants. The Chairman of the Board shall approve all applications processed by the MLREDD.

The following procedure must be observed by the applicant, to wit:

- a. The applicant shall file his application with the MLREDD, which shall inform the applicant on the completeness or deficiency of his application within ten (10) working days upon receipt of the application;
- b. If the applicant does not receive any response within ten (10) working days of filing, it shall be considered complete and must be submitted to the Board within the eleventh (11th) day;
- c. In case of deficient applications, the deficiency must be submitted within a period determined by MLREDD, and the period shall be on a case-to-case basis;
- d. The MLREDD may conduct ocular inspection of the proposed project premises, if necessary;
- e. The Board shall have forty-five (45) working days, reckoned from the receipt of recommendation of the MLREDD, to act/deliberate on the application for registration, otherwise, the application shall be deemed approved. In the event, however, that the Board desires an additional clarificatory/documentary requirement from the applicant, the intervening period by which proponent has to comply with these requirements shall not be counted as part of the 45-working day for the Board to decide on said application;
- f. Once approved by the Board, the MLREDD, within five (5) working days, shall inform the applicant in writing and delivers the Certificate of Registration. The MLREDD then informs the Municipal Treasurer and the Municipal Assessor where the business establishment is located, of such approval for their information, guidance and appropriate action; and
- g. In case of disapproval by the Board, the MLREDD shall inform the applicant within five (5) working days of the Board's decision.

Section 23. Payment of Registration Fees. All participating members who are granted the incentives/privileges are required to pay an annual registration fee to the Municipal Treasurer in accordance with the rate prescribed below, after which the Board shall issue a Certificate of Registration along with the Certificate of Exemption to the business concerned as member/participant duly stating the incentives and privileges granted under the provision of this Code:

Amount of Investment (Php)	Annual Registration Fee (Php)
5,000,000 – 7,500,000	5,000
7,500,001 – 10,000,000	7,500
10,000,001 – 12,500,000	10,000
12,500,001 – 15,000,000	12,500
15,000,001 and above	15,000

Section 24. Certificate of Registration. Under this Code, an enterprise is considered registered upon approval of its application by the Board, and as such, is legally entitled to fully avail of any or all of the incentives provided in this Code.

A registered enterprise under this Code shall be issued a Certificate of Registration to be signed by the Board's Chairperson and/or such other Officer of the Board as it may empower and designate for the purpose. The Certificate of Registration shall state the following, among others:

- a. Name of registered enterprise;
- b. The Priority Investment Area in which the registered enterprise will engage in; and
- c. The other terms and conditions to be observed by virtue of its registration.

The Certificate of Registration is not transferable should there be a change in ownership. The new owner has to apply for registration with the Board in order to enjoy the remaining duration of the incentive period, provided that it engages in the same activity as indicated in the original Certificate of Registration.

CHAPTER VIII RIGHTS AND PRIVILEGES OF REGISTERED ENTERPRISES

Section 25. Rights and Privileges. All registered enterprises and investors are entitled to the rights and guarantees provided for by law and the Constitution and the privileges provided for by this Code. In addition to such rights and guarantees to enhance the investors' confidence under this incentive program, the Board, through the MLREDD shall:

- a. Provide investors with a concise and comprehensive information on the economic priorities of the Municipal Government, including target investment areas and the general conditions applicable to incoming direct private investments;
- b. Disseminate to investors and the general public the investment evaluation criteria and registration procedures to enhance transparency in the process of granting government incentives;
- c. Take into full account the need of investors for industrial peace, stability, growth and profit in their operations whenever policies affecting investments in the municipality are to be formulated and modified;
- d. Not interfere or modify arrangements with the investors after the details of implementation of an investment project have been accepted and approved, and the ownership and management structure of the enterprise have been established, unless the law provides otherwise;
- e. Avoid and/or prevent undue distortion of competition between or among enterprises operating within the territorial jurisdiction of the municipality, whether domestic or foreign, when granting any special exemptions or incentives aimed at encouraging investment in the identified target areas; and
- f. Resolve all doubts and/or conflicts concerning the benefits, privileges, and incentives granted under this Code or in other local Ordinances enacted for the purpose of encouraging investment, in favor of the investors.

CHAPTER IX DUTIES AND RESPONSIBILITIES OF A REGISTERED ENTERPRISE

Section 26. Duties and responsibilities of registered investors and enterprises. All registered investors and enterprises must observe the following duties and responsibilities, to wit:

- a. Submission of reports and other documents – Every registered enterprise shall submit to the Board the following reports and/or documents within the time herein prescribed:
 1. Amended Articles of Incorporation, By-laws, Articles of Partnership, or Articles of Cooperation within thirty (30) working days from the date of submission of said amendments with the SEC or CDA;
 2. Change of Directors within thirty (30) working days from thereafter;
 3. Report on employment of bonafide Baler residents within thirty (30) working days from date of registration or from the appointment of their replacement;
 4. Quarterly report in the enterprises’ business operations, including its production or gross sales or receipts, within thirty (30) working days from end of each quarter;
 5. Audited Financial Condition, within thirty (30) working days after its submission to the Bureau of Internal Revenue (BIR).

**CHAPTER X
FISCAL AND NON-FISCAL INCENTIVES**

In addition to the incentives provided under Republic Act 7160 otherwise known as the “Local Government Code of 1991”, and other pertinent laws, a registered enterprise qualified under this Ordinance shall enjoy the privileges and incentives stated under this Chapter.

An enterprise engaged in two or more lines of business shall be entitled to fiscal incentives for its income derived from investments in priority economic activities and only on those real property owned by the enterprise principally used for its operation in priority investments activities.

The incentives provided herein shall apply to new and existing businesses which establish and start their operations after the approval of this Ordinance shall enjoy the privileges granted by this program for a period as may be determined on the basis of the amount of investments put up by the investors.

Section 27. Fiscal Incentives. All qualified and accepted applicants to the Investment Incentive Program shall enjoy the following tax exemption privileges for the period stated above, to wit:

- a. Exemption from payment of 40% municipal share of the Real Property Tax under the conditions and manner herein prescribed. This exemption is limited only to those real properties directly used in the business;

Amount of Investment (Php)	Discount Period (Year)					
	1st	2nd	3rd	4th	5th	6th
5,000,000 – 10,000,000	100%	75%	50%	-	-	-
10,000,001– 15,000,000	100%	75%	50%	25%	-	-
15,000,001 and above	100%	100%	75%	50%	25%	-

- b. For a period of not more than four (4) years starting from the date of approval of their application, registered enterprise shall be entitled to the following reductions/exemptions in business tax from the gross sales or receipts earned or realized during the preceding calendar year:

Exemptions:

First Year	-	50% of Gross Sales/Receipts
Second Year	-	30% of Gross Sales/Receipts
Third Year	-	20% of Gross Sales/Receipts
Fourth Year	-	10% of Gross Sales/Receipts
Fifth Year	-	Taxable in Full

- c. Special incentive taxes are hereby given to registered enterprises on expansion/diversification with a project cost of at least Three Million Pesos (Php3,000,000) under the conditions and manner herein prescribed:

Amount of Expansion/ Diversification (Php)	Discount Period (Year)					
	1st	2nd	3rd	4th	5th	6th
P3M but less than P5M	100%	75%	50%	-	-	-
Above P5M but less than P15M	100%	75%	50%	25%	-	-
Above P15M	100%	100%	75%	50%	25%	-

- d. Exemption from payment of all municipal licensing and permit fees except the following regulatory fees:
1. Health Certificate Fee
 2. Sanitary Permit Fee
 3. Laboratory Fee
 4. Environmental Fee
 5. Fire Safety Inspection Fee

However, all participants in the Investment Incentive Program are still required to secure Mayor's Permit and such other permits necessary to operate their business;

- e. Green Incentives:

Enterprises availing of green incentives need not fall under any of the categories set forth in Sections 14, 16 and 17 of Chapter VI. This incentive addressed the Executive Order No. 26, dated February 24, 2011 which mandates the development of greening program.

An enterprise which plants trees at specified locations shall be entitled to deduct P2,000.00 from its gross receipts for each growing trees but not to exceed thirty percent (30%) of its gross receipts for the year subject to the following conditions:

1. To be qualified for incentive, a tree must have been growing for at least one (1) year and must be at least four (4) feet in height at the time it is applied for incentive;
2. Any excess may be charged against succeeding tax years for a maximum period of three (3) years subject to the same ceiling of thirty percent (30%) of gross receipts;
3. This incentive may be availed of only once every three (3) years;
4. A tree, or trees, which are destroyed or otherwise die due to negligence by the enterprise within the period of availment shall result in the addition of P2,000.00 to the current tax base for each tree lost;
5. This incentive is non-transferable. In case of a change of ownership of the enterprise, the incentive shall not be transferred to the new owner, but shall continue to be enjoyed by the original owner and applied to his new business enterprise, if any, provided the period of incentive shall expire within two (2) years from the date of application regardless of whether the owner availed of it or not;

6. An enterprise availing of this incentive shall file an application with the MLREDD regarding its intent to plant, the kind of trees to be planted, location, and the date of planting. Planting shall be completed within one (1) month from approval of said application;
7. The trees must be planted within, or at the frontage of the enterprise's place of business, or along the street fronting such place of business or in the absence of space at the enterprise's place of business, in any of the following priority areas:
 - i. Residual forest areas;
 - ii. Areas identified with historical values;
 - iii. Areas of high biodiversity;
 - iv. Eroded slopes; and
 - v. Public open spaces especially in residential and commercial areas including street islands, parks, promenades, parking area peripheries and in wide sidewalks as may be suitable.

Provided that proper coordination is made with the municipal government whenever the enterprise decides to plant trees in a public property and provision is made by the enterprise to ensure the care and survival of the planted trees.

- f. Renovation/Restoration of buildings, houses, sites and other structure with historical significance.

An existing enterprise which opts to restore/renovate any building, houses, sites or other structure with historical significance shall be eligible to deduct from gross receipts its direct painting cost but not to exceed thirty percent (30%) of the gross receipts for the year subject to the following conditions:

1. The historical site and structure is located within the Municipality and is among the registered historical sites of the Municipality;
2. Any excess may be charged against succeeding tax years for a maximum period of three (3) years subject to the same ceiling of 30% of gross receipts; and
3. This incentive may be availed of only once every three (3) years.

Enterprises availing of this incentive need not fall under any of the categories set forth in Sections 14, 16 and 17 of Chapter VI. This incentive addressed Republic Act No. 100661 otherwise known as National Cultural Heritage Act of 2009 which mandates the identification, classification and recognition of historic sites and structures in the Philippines.

Proper coordination should be made with the municipal government whenever the enterprise decides to renovate/restore historical sites and structures.

Section 28. Non-fiscal Incentives. Aside from the fiscal incentives granted to registered enterprises, the Municipal Government also guarantees non-fiscal incentives as follows:

1. Assistance in securing license and permits, arranging for the availment of local and national government incentives, identifying business or joint-venture partners, raw material suppliers, possible business sites, and other requirements of prospective investors;
2. Provides investments data banking services which will contain among others, general business information, information on economic activities, and factory costs and sites characteristics;
3. Assistance in labor recruitment and arbitration;

4. Consistent support of the Municipal Government for industrial peace and security; and
5. Other non-fiscal incentives as may be determined by the Board.

Section 29. Termination of the Tax Incentives. The incentive shall be terminated after the prescribed period based on the amount of investment stated under this Code.

Section 30. Non-applicability. The incentives granted under this Ordinance shall not apply to banking, financing and lending institutions, which are governed by the General Banking Act and under the supervision of the Bangko Sentral ng Pilipinas.

Section 31. Non-transferrable. The incentives and privileges granted to the registered members of this Local Investment Code are non-transferable, except in the event of death or incapacity of a participating member, where the incentives and privileges shall be transferred to the heirs of deceased in accordance with law on succession if the applicant is a natural person. Mergers, consolidation, buy-outs and the like, or corporation shall be decided by the Board on a case-to-case basis, provided that when such movements are done to strengthen the corporation and increase the investments, then such movement may be treated as an expanding business.

CHAPTER XI MISCELLANEOUS PROVISIONS

Section 32. Appropriations. To defray the expenses necessary for or incidental to the implementation of the provisions of this Code, an initial funding of One Hundred Thousand Pesos (Php100,000.00) shall be appropriated from the local government's budget. Thereafter, the Municipality shall appropriate annually, based on a budget presented by the Board, the necessary funding requirements for the continued implementation of the provisions of this Code, subject to the usual government accounting and auditing rules and regulations.

Section 33. Implementing Rules and Regulations. Rules and regulations implementing the Baler Municipal Investment Code of 2012 shall be prepared and adopted by the Board and the Board may revise or amend the rules and regulations every three (3) years or as may be required.

Section 34. Monitoring and Evaluation. The Board, its Secretariat, or any duly authorized member thereof, is hereby empowered and authorized to conduct an ocular inspection of the premises or examination of the business activity of any registered enterprise during office hours purposely to verify or ascertain the investors/enterprises' strict compliance with the provisions of this Code, or when the Board or MLREDD deems it necessary or incidental to the effective exercise and performance of their respective functions and powers and to ensure that the objectives of the projects are accomplished.

Section 35. Confidentiality of Application. All applications and their supporting documents under this Code shall not be disclosed to any person except with a written consent of the applicant or upon order of any court of competent jurisdiction. The Board may, however, disclose the details of the application for evaluation purposes.

CHAPTER XII FINAL PROVISIONS

Section 36. Administrative Sanction. Any violation on the provisions of this Code, existing laws, ordinances, rules and regulations, shall be ground for cancellation or revocation of the registration of the business and the withdrawal of all incentives granted under this Code.

Failure to commence actual implementation of the project within one (1) year from the approval of registration, the investment incentives will be forfeited and the Certificate of Registration may be cancelled or revoked unless the applicant files a Notice of Extension.

Inherent to the function of the Board pursuant to Section 9 Chapter IV of this Code, the Board shall act, deliberate, decide and impose the administrative sanction or penalty.

Section 37. Separability Clause. It is declared that the provisions of this Code are separable, and in the event that one or more of the provisions are declared illegal or unconstitutional by a competent court, the validity of the other provisions shall not be affected and shall remain in force and effect.

Section 38. Repealing Clause. All ordinances, executive orders, rules and regulations inconsistent or in conflict with the provisions of this Code are hereby repealed, amended or modified accordingly.

Section 39. Judicial Relief. All orders or decisions of the Board/Municipal Government in cases involving the provisions of this Code shall immediately be executory. Any appeal or petition from the aggrieved party adversely affected by this Ordinance may be filed in the proper court.

Section 40. Penal Provisions. Any misrepresentation or violation of any of the provisions of this Ordinance shall carry a fine of One Thousand Pesos (P1,000.00) for the first offense and Two Thousand Five Hundred Pesos (P2,500.00) for the next or succeeding offenses or an imprisonment of not more than three (3) months, or both, at the discretion of the court.

Section 41. Effectivity. This Ordinance shall take effect ten (10) days from the date a copy hereof is posted in a bulletin board at the entrance of the Municipal Building of Baler, Aurora and in at least two (2) conspicuous places in the municipality.

ENACTED: **25 July, 2012**

AUTHOR: **HON. SONIA G. AMATORIO**
Chairperson-SB Committee on Trade and Industry

I hereby certify to the correctness of the foregoing ordinance.

GLORIOSO A. VILLAFRANCA
Secretary to the Sangguniang Bayan

Attested:

NELIANTO C. BIHASA
Vice Mayor-Presiding Officer

Approved:

ARTURO J. ANGARA, DMD.
Municipal Mayor

Date: _____