



Republika ng Pilipinas
Lalawigan ng La Union
BACNOTAN

TANGGAPAN NG SANGGUNIANG BAYAN

EXCERPT FROM THE MINUTES OF THE REGULAR SESSION OF THE SANGGUNIANG BAYAN OF BACNOTAN, LA UNION HELD ON OCTOBER 3, 2017 AT THE MUNICIPAL SESSION HALL, LEGISLATIVE BUILDING OF BACNOTAN, LA UNION

HON. MA. MINDA L. FONTANILLA Vice Mayor/Presiding Officer

PRESENT:	HON. RONILIO D. BADUA	Member
	HON. ANGELES V. ALMINIANA	Member
	HON. RENOSO C. BADUA	Member
	HON. FRANCISCO H. FONTANILLA, JR.	Member
	HON. MARIO G. RODRIGUEZ	Member
	HON. EDIJER F. VALMONTE	Member
	HON. OLGA JANE C. PANELO	Member
	HON. FLORANTE C. ABAD	Member
	HON. JOEL A. SAGUN	ABCPres./Member

ABSENT: NONE

Ordinance No. 513
Series of 2017

BACNOTAN INVESTMENTS AND INCENTIVES CODE

I. TITLE

SECTION 1. TITLE – This Ordinance shall be known as the “The Bacnotan Investments and Incentives Code of 2017”.

II. DECLARATION OF INVESTMENT POLICY

SECTION 2. Declaration of Policies. – It is the declared policy of this Municipality to actively encourage the participation of the private sector in the promotion of economic growth, prosperity, and local economic development in the Municipality of Bacnotan. For the purpose, it shall create an environment conducive to business that shall encourage and attract new investors and promote retention and expansion of existing businesses. It shall enjoin the participation of all stakeholders to support endeavours to accelerate economic progress, generate employment opportunities, increase local revenues and income, reduce poverty, and improve the over-all quality of life for the people of Bacnotan.

SECTION 3. Objectives. – This code has the following objectives:

- a. To harmonize national and local investment policies;
- b. To establish organizational structures to guide the efficient and effective implementation of this Code;
- c. To set the guidelines, procedures and standards for identifying investment priority areas (IPAs);
- d. To identify the medium term investment priority areas (IPAs) of the Municipality;



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- e. To provide the guidelines and procedures for the registration and availment of local incentives;
- f. To define the scope of incentives that the Local Government Unit (LGU) may grant to attract and retain investment;
- g. To detail the conditions and rules for the grant and continued enjoyment of incentives;
- h. To promote the development of micro-small medium enterprises (MSMEs), utilization of local products and market for local products and ignite the ingenuity of the entrepreneurs and other stakeholders; and
- i. To encourage the participation of all Filipinos including Overseas Foreign Workers (OFWs), Balikbayans and other community stakeholders in investment undertakings.

III. DEFINITION OF TERMS

SECTION 4. – Definitions. – For purposes of this Code;

- 1. **“Barangay Micro Business Enterprise”/“BMBE”** shall be defined under the Barangay Micro Business Enterprises (BMBEs) Act of 2002 (Republic Act No. 9178), i.e., any business entity or enterprise engaged in the production, processing or manufacturing of products or commodities, including agro-processing, trading and services, whose total assets including those arising from loans but exclusive of the land on which the particular business entity’s office, plant and equipment are situated, shall not be more than Three Million Pesos (₱3,000,000.00).
- 2. **“Board”** shall mean the Bacnotan Investments and Incentives Board created under this Code, the powers and composition of which shall be as provided under Section 8.
- 3. **“Board of Investments”/“BOI”** shall refer to the implementing agency from Books One to Five of the Omnibus Investments Code (EO No. 226 dated 27 February 1987) as created under the latter.
- 4. **“Capitalization”** refers to the total project cost which includes land, building machineries, equipment, and working capital except where it pertains to a BMBE, in which case, the same shall be exclusive of the cost of the land; provided that in the case of corporations, capitalization shall refer to its paid-up capital.
- 5. **“Municipality”** shall mean the Municipality of Bacnotan covering all the areas within its territorial jurisdiction as provided for by law and its charter.
- 6. **“Code”** shall refer to the Bacnotan Investments and Incentives Code of 2017 promulgated pursuant to this Ordinance.
- 7. **“Date of Official Acceptance”** refers to the date the application for registration was received by the receiving personnel of the BEIPC and recorded in a logbook for the purpose.



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8. ***“Date of Registration”*** refers to the date when the Certificate of Registration is issued by the Board, which information shall be recorded in a Registration Logbook to be maintained by the Board.
9. ***“Diversification”*** refers to the introduction of a distinct line of products or services by an Existing Business, whether or not a Registered Enterprise;

services by an Existing Business, whether or not a Registered Enterprise; Provided that, to be considered distinct, it should require new investment in terms of machinery or equipment or would involve the use of new skills set not currently used in the existing product or services, Provided further, That a new service or product may constitute a diversification even if such service or product is already within the scope of its original or existing business purposes.
10. ***“ECOZONE”*** shall be as defined under the Special Economic Zone of 1995 (**PEZA Law**, Republic Act No. 7916), i.e., selected areas with highly developed or which have the potential to be developed into agro-industrial, tourist/recreational, commercial, banking, investment and financial centers.
11. ***“Existing Businesses”*** are businesses engaged in activities included in the IPA List but are already engaged in operating in the Municipality and are intending to expand and/or diversity to other business ventures falling within the IPAs as defined herein.
12. ***“Expansion”*** shall mean installation of additional facilities/equipment that will result in the increase in the production capacity of an Existing Business. It may include modernization and rehabilitation. No expansion for additional capacity shall be allowed unless applicant has attained, in general 85% utilization of its existing capacity.
13. ***“Incentive Law”*** shall refer to a law, such as the Omnibus Investment Code, granting incentives to specific businesses at both the national and local levels, by virtue of the nature of their business activity pursued or the location where such business is going to be pursued or undertaken, as administered by a designated government agency or office (Registering Agency), such as BOI.
14. ***“Investment Priorities Plan”/“IPP”*** shall refer to the annual listing of specific activities that have been identified as priority investment areas and thus encouraged by granting those engaging in the activities in the list the incentives under the Omnibus Investments Code, approved by the President of the Philippines, subject to the recommendation of the BOI.
15. ***“Investment Priority Areas”*** shall refer to the business activities which are entitled to incentives granted by the Municipality, which investment area or business activity is specifically included in the Mandatory Investment Priority Areas (MIPAs) or Local Investment Priority Areas (LIPAs), and summarized in an Investment Priority Areas List (IPA List) which shall be amended, as necessary, once every two (2) years.



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16. **“BEIPC”** refers to the Bacnotan Economic and Investments Promotion Center with the responsibilities and functions provided under Title IV of this Code.
17. **“Local Investment Priority Areas”/“LIPAs”** are investment areas/business activities identified by the Board to be priority investment areas specifically in the Municipality which are not yet among the Mandatory Investment Priority Areas and are encouraged to be pursued within the Municipality by granting to them incentives in accordance with the policy on the grant or incentives provided under Section 15 below.
18. **“Local Applicants”** refer to applicants for incentives under this Code which have no outstanding registration with a Registering Agency under an Incentive Law, provided that its’ proposed business is under the IPA list.
19. **“Local Staff”** refer to a worker or personnel who is a bonafide resident of the Municipality for at least six (6) months where proof of residency consists of the presentation of voter’s ID/Registration and a Barangay Clearance from the barangay where he resides. Where the eligibility of an applicant to avail of incentives is anchored on its ability to generate employment, it should meet the minimum ratio of Local staff to non-Local Staff, as the Board may prescribe.
20. **“Mandatory Investment Priority Areas”/“MIPA”** are investment areas/business activities identified by the National Government as priority areas of investment and thus encouraged through the extension of incentives not only at the national but at the local level pursuant to applicable incentive law, such as those included in the annual Investment Priorities Plan.
21. **“Micro, Small, and Medium Enterprises”/“MSME”**, for purposes of this Code shall refer to businesses that meet the criteria below and which are to engage in a business activity included in the IPA list:

Micro Enterprise:	Up to ₱ 3,000,000.00
Small Enterprise:	₱ 3,000,001 - ₱ 15,000,000
Medium Enterprise:	₱ 15,000,001 - ₱ 100,000,000

Provided, that, in the case of Micro Enterprises, including BMBEs, land which is not officially into the business as capital or purchased by the business shall not form part of the assets of the business for purposes of determining the asset size above.

Provided further, that, for purposes of securing incentives, in lieu of meeting the foregoing criteria, an enterprise may qualify as an MSME using the following criteria:

By number of Employees:

Micro Enterprise:	1-9 employees
Small Enterprise:	10-50 employees
Medium Enterprise:	51-199 employees



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In the event that an enterprise falls under different classifications foregoing categories, the classification that will entitle it to more incentives shall be controlling.

The foregoing categories may be amended, from time to time, to render the definitions consistent with the national laws and other issuances pertaining to MSMEs.

22. ***“Modernization or Rehabilitation Projects”*** refer to projects of Existing Businesses or Registered Enterprises, which projects are registrable and thus, eligible to incentives if any following conditions are met:

- i. at least twenty percent (20%) reduction in production cost, which if sold in the Philippines should result in the reduction of the selling price of the product; or
- ii. significant increase in productive efficiency including de-bottlenecking; or
- iii. meaningful upgrading or product quality; or
- iv. upgrade in the technology used in production to bring it at par with the technology used by leading manufactures of the product manufactured by the Registered Enterprise.
The modernization or rehabilitation contemplated may or may not result in increase in the operating capacity/actual production output to be eligible for registration.

23. ***“New Projects”*** refer to projects or activities in the IPA List that have not started commercial operation, undertaken by (1) a newly organized/formed enterprise; or (2) an Existing Business that proposes to engage in an entirely distinct activity from its existing business as would qualify as a Diversification.

24. ***“PEZA”*** shall refer to the Philippine Economic Zone Authority, as created under the PEZA Law.

25. ***“Project Study”*** refers to a project profile which presents, among others, highlights of the projected financial viability and environment and socio-economic impact of the proposed business.

26. ***“Registered Enterprise”*** refers to any individual, partnership, cooperative, or corporation, whether a domestic or foreign corporation licensed to do business in the Philippines that has been issued a Certificate of Registration by the Board pursuant to this Code.

27. ***“Registering Agency”*** refers to any other government agency/office/instrumentality that is authorized to administer incentives under an Incentives Law and register and regulate corporations that are enjoying incentives at the national level pursuant to an applicable Incentive Law, such as but not limited to the BOI and the PEZA.

IV. BACNOTAN INVESTMENTS AND INCENTIVES BOARD (BIIB)



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SECTION 5. – Creation of the BIIB. –The Bacnotan Investments and Incentives Board (BIIB) is hereby created to implement the provisions of this Code and to provide policy and operational directions of the BEIPC.

SECTION 6. – Composition of the BIIB. –The Board shall be composed of seven (7) members as follows;

Chair Person: Municipal Mayor

Vice Chairperson: President of the Chamber of Commerce and Industry or Business Association or Local Official of permanent position

Members:

1. Sanggunian Chairperson of the Committee on Trade, Commerce and Industry;
2. Sanggunian Chairperson of the Committee on Ways and Means;
3. Private Sector Representatives from significant business/industry sectors in the locality to be appointed by the Municipal Mayor for a term of two (2) years and confirmed by the Sanggunian;
4. Department Heads representing the major local economic drivers (example; Agriculture and Tourism; and
5. The appointed or designated Local Economic and Investments Promotion Officer (LEIPO) [if one is assigned] or the Local Planning and Development Coordinator;

The Board may likewise invite, from time to time, representatives from pertinent national government agencies (NGAs), including but not limited to Regional officers of the BOI/Department of Trade and Industry (DTI), and other relevant stakeholders for advice or consultation in their areas of expertise.

SECTION 7. – Meetings and Quorum of the Board. – The Board shall meet at least once a month or as necessary, on such day and time as it may fix. The presence of at least a majority of all members of the Board 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 functions of the Board are to establish a favorable and stable policy for business, encourage and support private sector investment, and encourage business retention and expansion. Pursuant to this, the Board shall be vested with the following powers:

1. Promulgate the rules and regulations to implement the intent and provisions of the Bacnotan Investments and Incentives Code;
2. Periodically review the Investment Priority Areas (IPAs) eligible for incentives after considering the Municipal development needs, economic and technical conditions, available resources and prospects of an industry;
3. Adopt an investment promotion program;
4. Act on applications for registration of projects and availment of incentives;
5. Decide on issues and controversies concerning the implementation of this Code;
6. Recommend to the Sanggunian any amendments to the Code;
7. Supervise the operations of the BEIPC;



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8. Establish cooperative undertakings with other local government units (LGUs), the private sector, nongovernmental organizations (NGOs) or other institutions as may be necessary;
9. Establish trade and investment satellite offices in such other places as may be necessary to effectively carry out its mandate;
10. Coordinate and consult with the Local Development Councils (LDCs) in the Identification of LIPAs and the formulation of local incentives;
11. Perform such other tasks necessary and incidental to the performance of its functions.

SECTION 9. – Duties of the BIIB Chairperson. – The Chairperson of the Board shall have the following powers and duties:

1. Preside over the regular and special meetings of the Board.
2. Sign the Certificate of Registration in accordance with the rules and regulations of the Code;
3. Submit a semi-annual report to the Mayor and the Sanggunian on the accomplishments of the BEIPC and the Board and its impact to the local investment environment; and
4. Exercise such other powers and perform such other duties as the Board may direct it to perform to carry out the objectives of this Code.

SECTION 10. – Powers and Functions of the Vice Chairperson. – Shall have the following powers and duties:

1. To preside over the regular and special meetings of the Board in the absence of the Chairperson; and
2. To perform such other duties and functions as may be delegated by the Chairperson or by the Board.

SECTION 11. – Visitorial Powers of the Board. – The Board, or any duly authorized representatives thereof; shall be empowered to conduct ocular inspection of the premises or examination of the business activity of any enterprises, registered and applying for registration, at any reasonable time of the day, during office hours, for verification or ascertaining the enterprise's 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.

V. BACNOTAN ECONOMIC AND INVESTMENT PROMOTIONS CENTER (BEIPC)

SECTION 12. – Creation of Bacnotan Economic and Investment Promotions Center (BEIPC) – Working under policy guidance from the Local Chief Executive (LCE) and the BIIB, the Bacnotan Economic and Investment Promotions Center (BEIPC) is hereby created to be the lead office on investments promotions and in carrying out the objectives of the Code. The BEIPC shall initially be attached under the Office of the Mayor.

SECTION 13. – Functions of the BEIPC. – The BEIPC shall function as a one-stop-shop for investors and shall serve as the technical secretariat of the Board. In addition, it shall have the following specific duties and responsibilities:

1. Develop a medium-term and long-term investment promotions and retention plan to be approved by the Board in coordination with the Local Development Council (LDC) and



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consistent with national investment policies. The Plan shall be broken down into annual investment programs to be integrated into the local priorities for implementation;

2. Facilitate the efficient and effective operations of BEIPC through:
 - a. Compilation and processing of information, studies, and reports relevant to the local economic environment and the identified investment priority areas.
 - b. Establishment and update of a data bank on general business information and a web based information system to disseminate key messages, procedures, and information necessary to attract and retain investments
 - c. Preparation and updating of an operations manual specifying processes, activities, roles and responsibilities for the administration of investment promotion and retention. The operations manual shall include a client/citizens charter specifying accountability and maximum periods for the processing of documents for investments and code of conduct for BEIPC management and staff;
3. Assist in; (1) securing licenses and permits; (2) identifying business or joint venture partners, raw materials suppliers and possible business sites; (3) sourcing skilled manpower and service providers; and (4) facilitating the resolution of issues and concerns encountered by business enterprises;
4. Undertake investment promotions activities based on value added in relation to costs;
 - a. Develop and disseminate investments promotion collaterals, (ie. brochures, Industry and project profiles, cost of doing business in the LGU);
 - b. Respond to information needs of investors.
 - c. Conduct of marketing and investment targeting strategies such as investment meetings, agri-trade fairs (e.g. Tiangge sa Bacnotan), and missions;
 - d. Conduct briefings of potential investors whenever necessary;
 - e. Conduct follow through activities to convert potential investors to actual locators in the LGU;
5. Receive, process and evaluate applications for registration and grant of local incentives for approval of the Board;
6. Render after-care services to all investment/business locators particularly the registered enterprises;
7. Recommend to the Board any modifications/amendments to existing legislation and procedures on local investments for its appropriate action;
8. Establish cooperative undertakings with other LGUs private sector NGOs, NGAs and other institutions as maybe necessary, useful, and incidental to the effective and efficient implementation of the BIIC;
9. Monitor and supervise project implementation of registered enterprises,
10. Represent the Municipality in trade and Investments meetings. conferences, convention and other similar gatherings us maybe directed by the Board;
11. Perform such other functions as may be necessary to implement the intent of the Code.

SECTION 14. – Bacnotan Economic and Investment Promotions Officer (BEIPO). –

The BEIPC shall be headed by a Local Economic and Investment Officer (LEIPO) who shall be appointed by the Board. The LEIPO must at least be a holder of a degree in law, accountancy, business, economics and other relevant disciplines. Experience in marketing, business development, and management of business is desirable.



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VI. INVESTMENT PRIORITY AREAS

SECTION 15. – Policies in the Identification of Investment Priority Areas (IPAs). – The Board through the BEIPC shall formulate the IPAs, consistent with the IPP, the CDP, and CLUP. Zoning Regulations and such other criteria that will ensure sustainable and equitable economic and social development. The following criteria may be considered in determining the IPAs of the Municipality:

1. Investment activities that are aligned to the national development thrusts and the development vision of the Municipality;
2. Significant potential contribution to the growth of a sizable number of existing businesses or to a vital industry in the Municipality;
3. Capacity to generate employment, whether direct or indirect, particularly for those within the Municipality;
4. Use of locally available materials and resources;
5. Ability to promote the dispersal of business/commercial activities to less developed areas within the Municipality;
6. Ability to improve environmental conditions within the Municipality including biodiversity, or involves activities that promote sustainability of existing natural resources of the Municipality; and
7. Contribution to the infrastructure in the Municipality through Public Private Partnership (PPP).
8. Agriculture and Eco- Tourism – The LGU may encourage organic agriculture, including the production of organic fertilizers of plant and animal origin, production of microbial fertilizer with nitrogen fixing organism and the like, which are considered biodiversity-friendly businesses in accordance with the three (3) E's of sustainable development ecology, economy and equity.

SECTION 16. – Categories of the IPA List. – The Investment Priority Areas (IPA's) to be considered by the Board shall consist of the MIPA List which are investment areas listed and granted incentives under the IPP and other Incentives Law and the LIPA List which are determined by the Board based on the criteria provided hereof.

SECTION 17. – Inclusion in the IPA list the basis for grant of incentives. – The investment activities listed in the Mandatory Investment Priority Areas (**MIPA**) and Local Investment Priority Areas (**LIPA**) shall be the basis for the grant of incentives, The MIPA list shall be limited to those granted and subject to the terms and conditions under the relevant Incentive Law while the LIPA shall be determined by the Municipality and be limited to those industry, project or activity that satisfies the criteria set under Section 15 hereof. Said LIPA list shall be subject to approval by the Sanggunian Bayan.

SECTION 18. – Periodic Review of the IPA List. – The MIPA List shall be automatically amended upon the issuance of the revised Investment Priorities Plan (IPP) and/or the issuance of any other law granting incentives, fiscal or otherwise, at the national level, investment activities in the MIPA List shall be dropped in accordance with applicable provisions of national law or the repeal of the law that granted local incentives to a particular business activity. No addition or deletion from the MIPA List shall be made in the absence of a corresponding statutory or other basis issued by the national government. The entitlement to incentives of applicants for registration



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whose business activity belong to the MIPA List shall be mainly governed by the national law or other issuance pursuant to such law.

The Board shall undertake review of the LIPA list at least once every three (3) years taking into consideration the socioeconomic development plan and public investment plans formulated by the LDC of the Municipality and the preferred areas of investments as provided under pertinent national laws. The following factors may be considered for inclusion to the LIPA.

1. Number of local residents to be employed by the enterprise;
2. Use of local/indigenous raw materials
3. High degree of value added feature
4. Creation of linkages with local industries such as joint ventures with local investors; and
5. Projects of historical or 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 19. – Amendment of the LIPA List. –The Board may recommend the amendment/removal of an investment activity from the LIPA List; (a) as soon as the sufficient investments in the area has been attained; (b) continued extension of incentives is no longer to the interest and benefit of the locality and (c) the investment area or activity cannot attract investors within a reasonable time, and the cost may result in unfavorable business climate.

SECTION 20. – LIPA List for the Period 2018-2020. – Subject to the confirmation of the Board and the Sangguniang Bayan, the LIPA List shall include the following:

**This sample list of activities for the LIPA was derived from the
Investment Priorities Plan (IPP) of 2016-2019**



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Sector	Specific Projects/Activities
Agriculture, Agribusiness and Fishery	<p>1.This covers commercial production and commercial and processing of agricultural, herbal and fishery products (including their by-products and wastes)</p> <p>a. Commercial production of agricultural crops, poultry, livestock, and fishery products - Crop production should involve new plantation, and fish pens/fish cages areas to qualify for registration, intercropping of high value crops as identified by the Department of Agriculture (DA).</p> <p>b. Commercial processing of agricultural and fishery products, their by-products and wastes, to a form ready for further processing or final consumption.</p> <p>c. Extraction of higher value substances from agricultural and forest-based raw materials through bioprocessing as endorsed by the concerned government agency</p> <p>d. Production of animal and aqua feeds excluding those for game animals, fowls and other species for pet/leisure purposes.</p> <p>e. Processing of agricultural products should involve domestically produced raw or semi-processed agricultural products, unless the raw or semi-processed raw materials are not locally produced (NLP) or not in sufficient quantity (NISQ). If using imported raw or semi-processed agricultural products that are locally produced (LP) or in sufficient quantity (ISQ), the project may qualify for registration, provided that the finished/final product is for export, or the project qualifies for pioneer status.</p>
Support facilities such As irrigation, post-harvest Cold storage, blast freezing, and the production fertilizers and pesticides.	<p>2. Irrigation</p> <p>Irrigation system primarily intended to render service to agricultural farms to include water source, distribution lines and control mechanism. The system may also include prime mover, pump, generator and transformer. System capacity is expressed in terms of cubic meters of irrigation water per year.</p> <p>3. Harvesting Services</p> <p>This covers mechanized harvesting services, establishment and operation of ice plants, cold storage, freezing, bulk handling, packing house, storage facilities and establishment of trading centers.</p>
Tourism	<p>1. Tourist transport services whether for land, sea and air.</p> <p>Land transport covers the operation of brand new, world class buses and or mini buses/coasters. The number of units of vehicles that shall be allowed shall be based on the number of tourist arrivals in the area or the ratio of hotel/resort facilities/rooms. Tourist transport operators</p>



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- must have garage, hangar, or berthing/docking facilities
2. Accommodation facilities. Establishment and operation of establishments such as but not limited to hotels, resorts, apartment hotels, tourist inns, motels, pension houses, private homes for homestays, serviced apartments, and bed and breakfast facilities and similar structures convention and exhibition facilities amusement parks, adventure and eco-tourism facilities; sports facilities and recreation centers; theme parks; health and wellness facilities such as but limited to spas, tertiary hospitals and ambulatory clinics, agri-tourism farms and facilities; tourism and training centers and institutes.
3. Development of retirement villages;
4. Retail, and
5. Restoration/ preservation and operation of historical shrines, landmarks and structures.

The LEIPC shall determine the specific requirements for each area for its entitlement to the incentives benefits.

VII. REGISTRATION

SECTION 21. – Registration Requirement. – For the purpose of effective management, all enterprises listed in the IPAs and wanting to avail of local incentives shall be registered. Prior to registration the following requirements shall be complied:

1. Those mandated under existing laws, rules and regulations for doing business in the Philippines;
2. The activity engaged in by the enterprise must be listed in the IPAs of the LGU; The place of operation or production must be located within the territorial jurisdiction of the LGU;
3. Specified percentage of its workforce must be bonafide residents of the LGU, giving equal opportunities for men, women, the poor, the indigenous people and the physically handicap;
4. The activity engaged in must have safeguards against pollution and other environmental and health hazards; and
5. The enterprise must secure from the Office of the National Commission on Indigenous Peoples a Free and Prior Informed Consent (FPIC) should the proposed site of investment be located within ancestral domain claim of the indigenous people.

SECTION 22. – Types of Projects for Registration. – The following are the types of investment projects eligible for registration, provided they involve business activities included in the IPA List:

1. New Projects;
2. Expansion Projects;
3. Modernization Projects and
4. Diversification Projects.



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The projects shall likewise comply with the following additional requirements:

- a. Capitalization of at least Three million pesos (P3,000,000);
- b. Employ at least 50% of non-technical personnel who are residents of the LGU;
- c. Comply with existing labor laws and
- d. At least 50% of the product component are indigenous materials are available in the LGU.

SECTION 23. – Documentary Requirements – The following documents shall be submitted to the Board through the BEIPC for evaluation:

1. Single Proprietorship
 - a. Copy of Business Name Registration issued by the Department of Trade and Industry (DTI)
 - b. Copy of Audited Financial Statements
 - c. Copy of completed application form for registration under the BIIC
 - d. Such other documents that may be required by the LGU
2. For Partnership/Corporation
 - a. Copy of the Articles of Partnership or Incorporation
 - b. Certified true copy of its Certificate of Registration issued by the Securities and Exchange Commission (SEC), for Corporation/Partnership
 - c. Certificate of Good Standing from SEC, if the business is already existing
 - d. Resolution authorizing the filing of application by the applicant's Board of Directors
 - e. Copy of Audited Financial Statements (if existing)
 - f. Environmental Compliance Certificate (ECC) or Non-Compliance Certificate (NCC), if applicable.
 - g. Copy of completed application form for registration under the BIIC.
 - h. Such other documents, as may be required by the LGU.
3. For Enterprises registered under an existing incentives law
 - a. Certified true copy of the BOI Certificate of Registration; and
 - b. Copy of documents submitted to the appropriate registration agency pertaining to their registration.

SECTION 24. – Registration Procedures. – The procedure for the processing of registration under this Code is as follows:

1. Filing of Application – All applications shall be filed with the Bacnotan Economic and Investments Promotion Center (BEIPC) together with all documents required above. The form for the purpose shall be issued by the same Office.
2. Check Listing/Assessment of Documents – The BEIPC shall evaluate completeness and consistency of information and other document. The applicant must be immediately advised for any error, inconsistencies and missing documents in the submission.
3. Date of Official Acceptance – Only complete application shall be officially accepted and registered in the Registration Book. The date stamped on the application shall be considered as the date of official acceptance of the application.
4. Notice of filing of application in the provincial, city, municipal, or Barangay hall shall suffice as publication requirement.



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5. The BEIPC shall issue a non-refundable filing fee in the amount of Php 500.00. An Order of Payment of the necessary fees shall then be issued by the BEIPC which shall be paid to the Local Treasurer's Office. Micro enterprises shall pay one half of the rate prescribed.
6. Evaluation/Approval of Application – Once an application accepted, the project will be evaluated by the BEIPC. Whenever necessary, the BEIPC may conduct an ocular

inspection at the premises of the business. The inspection shall be conducted during office hours at a time convenient for both the applicant and the BEIPC which should not be later than two weeks (10 working days) after the official acceptance of the application. The evaluation of the application shall be submitted to the Board for action. If the application is approved, the BEIPC shall notify the applicant and inform the Treasurer and the Assessor of such approval for their guidance and appropriate action. If the application is denied, the BEIPC shall inform the applicant in writing. In both cases, a Board Resolution shall be entered in the minutes of the meeting of the Board.

Failure of the Board to approve or disapprove an application within thirty (30) calendar days shall be construed as an approval of the application.

7. Certificate of Registration – Upon approval, an enterprise shall be issued a Certificate of Registration which shall state among others, the following;
 - a. Name of the Registered Enterprise;
 - b. The Investments Priority Area (IPA) in which the registered enterprise will engage;
 - c. The incentives granted and period of its availment; and
 - d. Such other terms and conditions to be observed by virtue of its registration.

The Certificate of registration shall be issued within thirty days from the date of approval of the Board or the lapse of the processing period.

8. BOI-registered MSMEs may be provided assistance as follows:
 - a. Preparation of simplified project application;
 - b. Identification of MSMEs support companies;
 - c. Exemption/reduced payment of application and registration fees;
 - d. Exemption from the 25% equity requirement;
 - e. 25% Reduction of application fee for incentives;
 - f. Posting of notice of filing of application in the provincial, city, municipal, or Barangay hall in lieu of the publication in newspaper of general circulation;
 - g. Simplified documentary, reportorial requirements and applications for incentive.

VIII. INCENTIVES (FISCAL AND NON-FISCAL)

SECTION 25. – General Policies in the Administration of Local Incentives. – Unless specifically provided under an applicable Incentive Law or the LGC, the grant of incentives shall be governed by the following general policies:

1. Incentives shall be extended only to investments and investment activities specifically enumerated in the IPA lists that support and promote the development vision of the Municipality, as expressed in its Local Development Plan and Comprehensive Land Use Plan and those which are included in the investment thrusts of the local, regional and national government;



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2. Incentives to be established shall be fair, clear, time-bounded and ensure the level playing field for investors in the locality;
3. The incentives shall not extend to regulatory fees levied under the police power of the LGU and on fees and charges imposed for services rendered by the Municipality such as garbage fees, sanitary inspection fees, electrical inspection fees and other similar fees, as well as rental for use of public utilities owned and operated by the local government such as charges for actual consumption of water, electric power and toll fees for use of public roads and bridges and the like, and those levied for the use of government facilities and properties;
4. The grant shall apply to all businesses similarly situated subject to the pertinent provisions of this Code;
5. The exemption granted shall take effect only during the next calendar year or a specified number of years;
6. No double availment of incentives/benefits under different laws and/or programs.
7. Amendments of IPAs resulting to changes in the incentives granted to registered enterprise shall take effect prospectively and shall not impair the incentives being enjoyed by registered enterprises pursuant to the Certificate of Registration.
8. The withdrawal of incentives for violation of the conditions for the grant of the same under the relevant Incentive Law or the pertinent Certificate of Registration shall automatically result in the withdrawal of local incentives granted pursuant to such Incentive Law or by virtue of the issuance of the Certificate of Registration by a Registering Agency.

SECTION 26. – Local Incentives granted to investments under MIPA List. – Enterprises registered under the MIPA list shall enjoy incentives under the Incentive Law pursuant to its subsisting Certificate of Registration with a Registering Agency. They shall only enjoy the fiscal and non-fiscal incentives at the local level that are expressly granted under the Incentive Law under which it is registered and specifically included among the incentives in its Certificate of Registration with the Registering Agency.

Incentives granted shall take effect from:

- a. The date of registration until the lapse of the term of such incentive, unless another reckoning date is approved by the Board on justifiable grounds, but in no case beyond six (6) months from the date of registration; or
- b. Such other reckoning date as may be prescribed under an applicable Incentive Law; Provided that in the case of BOI-registered enterprises, their local incentives shall be reckoned from the date of their registration with the BOI, as provided under Section 133(g) of the LGC;

In case of change of ownership of the enterprise, the local incentives which it is enjoying shall continue to be enjoyed by the enterprise provided that the terms and conditions of the registration of the project are assumed by the new owner/s, provided further, that if a Registered Enterprise is enjoying local incentives pursuant to an Incentive Law, the Certificate of Registration issued by the Registering Agency remains valid despite the change of ownership. Any change in the controlling shareholders of a Registered Enterprise shall be reported to the Board;

A Registered Enterprise which ceases to be registered with a Registering Agency or wishes to avail of local incentives other than those provided under the Incentive Law which it is registered



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may apply for incentives under this Code, subject to the registration procedure applicable to local applicants.

SECTION 27. – Regular Update of Certificate of Registration. – Those enjoying incentives by virtue of their registration with a Registering Agency and pursuit of a business activity in the MIPA List shall submit annually to the BEIPC an original copy of a certification from the Registering Agency that it continues to be registered with said Registering Agency and

that it remains in good standing as such and thus fully entitled to all the incentives granted under its Certificate of Registration. Failure to submit such certificate to BEIPC on or before every anniversary date of the Registered Enterprise’s registration with the Registering Agency shall authorize the Board to exercise its authority under this Code.

SECTION 28. – Local Fiscal Incentives. – The following fiscal incentives may be given to enterprises consistent with the Local Revenue Code and Book II the Local Government Code (RA 7160);

- a. Exemption from local business taxes pursuant to Section 133(g) of the LGC; and
- b. Tax Exemption Privileges through ordinances duly approved pursuant to Section 192 of the LGC as defined in Article 282 of the LGC Implementing Rules and Regulations.

2. General Policies on Local Fiscal Incentives

- a. The incentive shall be granted only to new, expanding and/or modernizing projects locating in the LGU.
- b. Exemption under Section 133(g) of the Local Government Code (LGC) shall be for a period of six (6) years for pioneer and four (4) years for non-pioneer from the date of registration;
Exemption under the BIIC shall be in addition to the incentives provided under Executive Order No. 226 or the “Omnibus Investments Code of 1987”.
- c. Incentives to Regional or Area Headquarters (RHQ) or Regional Operating Headquarters under Article 66, Chapter IV of RA8756 (Amending Book III of EO226). Regional or area headquarters and regional operating headquarters of multinational companies shall be exempt from all kinds of local taxes, fees, or charges imposed by a local government unit, except real property tax on land improvements and equipment.
- d. The exemption should not extend to regulatory fees which levied under the police power of the LGU as well as fees and charges imposed for services rendered by the LGU such as garbage fees, sanitary inspection fees, electrical inspection fees and similar other fees, as well as rental for use of public utilities owned and operated by the local government such as charges for actual consumption of water, electric power, and toll fees for use of public roads and bridges and the like, and those levied for the use of government facilities and properties.
- e. The grant shall apply to all businesses similarly situated subject to the pertinent provisions of this BIIC.
- f. The exemption granted shall take effect only during the next calendar year for a specified number of years unless specified herein.
- g. Article 61 of Republic Act (RA) 9520, otherwise known as “The Philippine Cooperative Code of 2008”, and RA7916, otherwise known as “The Special Economic Zone Act of



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1995”, provides for the tax incentives of cooperatives and locators of ecozones, respectively.

- h. In case of a change of ownership of the enterprise, the incentives shall continue to be enjoyed by the enterprise provided that the terms and conditions of the registration of the project are assumed by the new owner/s.
- i. No double availment of incentives/benefits under different laws and/or programs.

SECTION 29. – Non Fiscal Incentives. – The Board through the BEIPC shall provide non-fiscal incentives to Registered Enterprises as follows:

- 1. One stop documentation for simplified registration procedure;
- 2. Assistance in resolving issues and concerns with NGA, NGOs and other service providers;
- 3. Support for industrial peace through reconciliation and mediation;
- 4. Assistance in securing electric power and water supply connection;
- 5. Coordination in the negotiation of special rates for utilities for industries with a certain minimum load, if feasible;
- 6. Networking with concerned national government agencies such as Technical Education Skills and Development Authority (TESDA) and other similar institutions for trainings of workers to enhance skills of manpower of the enterprise;
- 7. Referral to existing technical and financial assistance programs available through government and non-government organizations;
- 8. Facilitation of outbound and inbound missions of investors;
- 9. Assist potential and existing investors in: (1) securing of business, construction, and other regulatory permits and licenses; (2) identifying business and joint venture partners raw materials suppliers; and (3) sourcing of skilled manpower and service providers;
- 10. Assistance in site selection and negotiation for right of way;
- 11. Identification of joint venture partner as deemed necessary;
- 12. Provide opportunities for micro and small enterprises to participate trade fairs and exhibits, entrepreneur development and training, and inclusion in business matching;
- 13. Such other aftercare services that may be afforded to investors.

SECTION 30. – Continuing Eligibility for Registration. – A registered enterprise shall continue to satisfy whatever criteria rendered it eligible for registration under this Code. Accordingly, if a local applicant was qualified for registration under this Code on account of the amount of manpower, nature of technology or local raw material that it represented will be uses in its production, the Board, through the BEIPC, shall have the authority to inspect the Registered Enterprise to verify that is in fact using the technology or the local raw material that it represented will be used. If the Registered Enterprise ceases to meet the said registration criteria that rendered it eligible for registration under this Code, the Board shall have the authority to suspend all or some of the incentives of the registered enterprise or to revoke its registration.

SECTION 31. – Periodic and other Compliance Requirements. – Nothing under this Code exempts a Registered Enterprise from applicable requirements of the Municipality on businesses, as generally applicable to all businesses or specifically applicable to the business activity or circumstances of the Registered Enterprise. Accordingly, Registered Businesses, except those specifically exempt under applicable law, shall secure and comply with all the requirements to secure a Business Permit and renew the same annually.



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Except as expressly provided under this Code or the Incentive Law registered enterprises shall comply with all applicable laws as other enterprises engaged in the same business as they are engaged in, are required to comply with.

Other than those provided herein, Registered Enterprises shall not be required to comply with any other requirements that businesses not registered under this Code.

IX. CORPORATE SOCIAL RESPONSIBILITY (CSR) OF REGISTERED ENTERPRISES

SECTION 32. – CSR Requirement. – BOI-registered enterprises with projects under pioneer status must undertake CSR activities which shall be monitored starting on the fourth year of

operation of the business enterprise. Those on non-pioneer status are encouraged, in the course of their operations, to undertake CSR activities in accordance with the development plan of the community where the registered project is located.

Registered Local Applicants, on the other hand, are encouraged to pursue CSR projects as soon as they can afford to allocate resources for the purposes; however, it shall be mandatory for Registered Local Applicants to pursue CSR projects starting on their fourth year of operation if they enjoy local incentives for a term of more than three (3) years.

SECTION 33. – Eligible CSR Projects. – CSR projects which a Registered Enterprise may undertake include but shall not be limited to the following:

1. Urban Renewal, Greening or Re-greening
 - a. Rehabilitation and restoration of buildings or other structures in accordance with the urban renewal or restoration plan of the Municipality;
 - b. Reforestation, rehabilitation, and urban greening or landscaping of major road sides; areas with historical or tourism value; areas in bio-geographic zones, especially key biodiversity areas; eroded slopes as technically appropriate based on assessment by competent authorities; public open spaces especially in residential and commercial areas including street islands, parks, promenades, parking area peripheries, and the like, provided that the enterprise takes care of the maintenance of the trees and plants. Otherwise, reimbursement of the incentive granted shall be due and demanded should the trees and plants die due to poor maintenance.
2. Social Projects
 - a. Housing for employees;
 - b. Educational projects;
 - c. Cultural revivals;
 - d. Programs for women, children, elderly, disabled, out of school youth and indigenous people;
 - e. Community infrastructure projects aligned with the development plan of the Municipality; and



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- f. Such other projects or activities based on the development needs of the community where the project is located or as identified by the National Anti-Poverty Commission (NAPC).

X. ENVIRONMENTAL PROTECTION

a. Environmental Protection Environmental Impact Assessment

Environmentally critical projects or enterprises locating their activities or expansion projects in environmentally critical areas must comply with the requirements of Presidential Decree No. 1586 (Philippine Environmental Impact Statement System) and related issuances of the Department of Environment and Natural Resources (DENR).

b. Hazardous Substances

In addition to the above, projects involving the handling, transport, processing and storage of toxic, hazardous substances and/or nuclear waste shall be subject to strict regulations as provided under applicable local issuances and national laws. The Sanggunian of the Municipality shall have the option to exclude such projects from being entitled to local incentives except to the extent that they fall under the MIPA List.

c. Specific Prohibitions

1. No industrial or manufacturing facility shall be operated without proper air pollution devices, wastewater treatment facilities, and solid waste management facilities.
2. No industrial or manufacturing plant shall be operated at level beyond the operating capacity of their respective waste treatment facilities in order to maintain the effluent quality within the standards required by law.
3. All industrial and manufacturing establishments shall subject their operations and premises, facilities and systems to periodic environmental compliance monitoring, which shall be conducted by the LGU in coordination with the Department of Environment and Natural Resources. Refusal to be subject to such inspection shall be sufficient ground for the forfeiture of any incentive and the revocation of its Certificate of Registration and/or Business Permit.

d. Regulation

The Board shall ensure that the green and socially responsible projects undertaken by enterprises on public property shall be in harmony with the overall environmental management program of the LGU as determined by the appropriate LGU office.

XI. BUDGET APPROPRIATION



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SECTION 34. – Appropriations. – The expenditures to operationalize the Board and the BEIPC shall be provided through regular or supplemental budget. The Municipality shall appropriate the funds necessary for the implementation of the provisions of this Code based on a budget that may be presented by the Board to include Personal Services, Maintenance and Other Operating Expenses (MOOE), Capital Outlay, and Contingency.

SECTION 35. – Revenues from the Operation of the Code. – Income derived from the operation of this Code go to a special account captioned “Bacnotan Economic and Investments Promotion Fund”, which shall be used solely for the operation and maintenance and other operating expenses of the Board, BEIPC, and other investments promotion expenses of the Municipality.

SECTION 36. – Immediate Release of Funds. – For purposes of expediting the operations of the BEIPC, its allocation for the Bacnotan Economic and Investments Promotion

Fund shall be released immediately, subject to the usual government accounting and auditing rules and regulations.

XII. FINAL PROVISIONS

SECTION 37. – Penal Clause. – Any violation of the provisions of this Code shall be ground for the cancellation or revocation of the Certificate of Registration of the project or business. The cancellation or revocation of the Certificate of Registration shall mean the withdrawal of all incentives granted and all fees and charges previously exempted shall become due and demandable.

SECTION 38. – Grounds for the Cancellation of Certificate of Registration:

1. Violation of the provision of this Code and such other violations of laws, rules and regulation or ordinance;
2. Violation of the terms and conditions specified in the Certificate of Registration; and
3. Material misrepresentation.

SECTION 39. – Appeal from the Decision of the BIIB. – Registered enterprises adversely affected by any decision of the Board relative to the cancellation/revocation of registration or the imposition of fines/penalties in accordance with this Code may file a motion for reconsideration within 15 days from the receipt of the decision, otherwise the decision shall become final and executory.

SECTION 40. – Refund and Penalties. – In case of the cancellation of the Certificate of Registration, the BIIB shall require the refund of incentives availed of and impose corresponding fines and penalties.



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SECTION 41. – Coordination among LGUs within a Province. – Municipalities and Component Cities within a Province shall as much as possible modify its systems and procedures in the issuance of applicable permits and licenses to be consistent with the provisions of this Bacnotan Investments and Incentives Code. The municipality shall further coordinate or consult with the province for proper guidance on matters of fiscal incentives.

SECTION 42. – Implementing Rules and Regulations. – To appropriate manage the orderly administration of the provisions of this Code, the LEIPO, Local Development Planning Officer, Treasurer, Budget Officer and Legal Officer of the Municipality shall prepare the Implementing Rules and Regulations for approval of the Board within three (3) months from the issuance of this Code.

XIII. SEPARABILITY CLAUSE

SECTION 43. – Separability Clause. – If, for any reason, any portion or provision, section or part of the Code is declared not valid by a Court of competent jurisdiction or

suspended or revoked by the Sanggunian, such judgment shall not affect or impair the remaining portions, provisions, sections, or parts hereof which shall remain or continue to be in full force or effect.

XIV. REPEALING CLAUSE

SECTION 44. – Repealing Clause. – All ordinances, rules and regulations or parts thereof which are in conflict or inconsistent with the provisions of this Code are hereby considered repealed, amended or modified, accordingly.

XV. EFFECTIVITY

SECTION 45. – Date of Effectivity. – This Code shall take effect upon approval. Enacted this 3rd day of October 2017.

CERTIFICATION

I hereby certify to the correctness of the foregoing ordinance duly enacted by the Sanggunian Bayan during its regular session held on October 3, 2017.

LUISA A. LIWANAG
Secretary to the Sanggunian

CERTIFIED TO BE DULY ADOPTED:



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MA. MINDA L. FONTANILLA
Vice Mayor/ Presiding Officer

APPROVED:

FRANCISCO ANGELITO L. FONTANILLA
Municipal Mayor