



Republic of the Philippines
Province of La Union
Municipality of Pugo

OFFICE OF THE SANGGUNIANG BAYAN

EXCERPT FROM THE MINUTES/JOURNAL OF THE 154th REGULAR SESSION OF THE
10TH SANGGUNIANG BAYAN, PUGO, LA UNION, HELD AT THE SANGGUNIANG BAYAN
SESSION HALL ON JUNE 20, 2022

PRESENT: Hon. Jose B. Basallo

- Vice-Mayor & Presiding Officer

Hon. Mixico V. Dulay	- Member
Hon. Michelle R. Boadilla-Lales	- Member
Hon. Winston C. Boado	- Member
Hon. Rex A. Fernandez	- Member
Hon. Juvenal R. Basallo	- Member
Hon. Bryan T. Balloguing	- Member
Hon. Armand H. Malamion	- Member
Hon. Rogelio E. Labayo	- Member
Hon. Victor D. Lales, Sr.	- Member (IPM Representative)
Hon. Driesch Karl D. Tino	- Member (PPSK President)

ABSENT: Hon. Jose D. Batallang -Member (LNB President) (Sick Leave)

ORDINANCE NO. 2022-175

**AMENDING AND UPDATING ORDINANCE NO.2019-140 ENTITLED: ENACTING NEW LOCAL
INVESTMENT AND INCENTIVE CODE OF THE MUNICIPALITY OF PUGO, LA UNION.**

Sponsored by: Sangguniang Bayan Mixico V. Dulay

NOW, THEREFORE, on motion of Councilor Mixico Dulay duly seconded by Councilors Winston C. Boado and Rex A. Fernandez be it ordained as it is hereby ordained by the Sangguniang Bayan of Pugo, La Union in session duly assembled the following:

**CHAPTER I
TITLE**

SECTION 1. Title This ordinance shall be known as the "INVESTMENTS AND INCENTIVES
CODE OF THE MUNICIPALITY OF PUGO, LA UNION"

CHAPTER II

DECLARATION POLICY

SECTION 2. Declaration of Policy

It is the declared policy of this municipality to promote and encourage both domestic and foreign investments and the active participation of the private sector in the promotion of economic growth and prosperity; to attract both local and foreign investments in a joint project to develop existing investments, modernization or innovation, expansion and diversification of projects. For this purpose, it shall grant Fiscal and Non-Fiscal incentives to qualified investor/s particularly in the identified Investment Priority Areas.



Section 3. Purposes and Objectives

- A. To set the guidelines, procedures and standards for identifying Investment Priority Areas (IPAs);
- B. To identify the medium-term Investment Priority Areas (IPAs) of the Municipality of Pugo, La Union;
- C. To provide the guidelines and procedures for the registration and availment of local incentives;
- D. To promote sustainable development of undeveloped and underdeveloped areas of the municipality without jeopardizing the environment and welfare of the next generation;
- E. To ensure holistic development by safeguarding the well-being of the social, cultural and ecological life of the people;
- F. To recognize the private sector as its primary and indispensable partner for economic growth and development;
- G. To harmonize national and local investment policies;
- H. To make Pugo a very competitive area for investment and development, in terms of adequate human resources, accessible basic services for employees and employer needs, and extensive government support.

**CHAPTER III
DEFINITION OF TERMS**

Section 4. Definition of Terms:

- A. **Board** - shall mean the **Pugo Investment and Incentives Board (PIIB)** created under this Code.
- B. **Investment Promotion Center** - shall mean the LEDIP Office, who shall serve as the secretariat of the Board
- C. **Registered Enterprise** - shall mean any individual, partnership, corporation, cooperatives or other entity incorporated and/ or organized and existing under Philippine Laws; and registered with the Board in accordance with the provisions of this Code; provided that the term registered enterprise shall not include commercial banks, associations, development banks, trust companies, investment banks, finance companies, brokers and dealers in securities, consumer cooperatives and credit unions and other business organization whose principal purpose or principal source of income is to receive deposits, lend or borrow money, buy and sell or otherwise deal, trade or invest in common or preferred stocks, debentures, bonds and other marketable



OFFICE OF THE SANGGUNIANG BAYAN

ORDINANCE NO. 2022-175. page 3

instruments generally recognized as securities of discharge other similar intermediary trust or fiduciary functions.

- D. **Capitalization** - shall mean the amount of investment or project cost which includes Real Properties of the investors
- E. **Micro, Small, and Medium Enterprises (MSME)** - for purposes of this Code, it shall refer to businesses that meet the criteria below and which are to engage in a business activity included in the MIPA or LIPA List.

By Asset Size:

Micro Enterprise	:	Up to Php 3,000,000.00
Small Enterprise	:	Php 3,000,001 – Php 15,000,000
Medium Enterprise	:	Php 15,000,001 – Php 100,000,000

- F. **Investor/s** - any individual, partnership, corporation or any other entity that is looking for possible areas in any municipality who wants to invest and operate a business in the municipality of choice.
- G. **Bona fide Resident** - shall mean any individual who has been living in the municipality for at least 1 year
- H. **Qualified Investor/ Enterprise** - shall mean a Registered Enterprise which invested in enterprises engaged in business defined in the vision of Pugo which are: tourism, eco- tourism, retirement tourism complexes, parks, theme parks, Agri- industrial enterprises engaged in subdivision, shelter and settlements development; educational institutions engaged in innovative technologies.
- I. **Code** - shall mean the Investments and Incentives Code of Pugo, La Union
- J. **Listing** - shall mean the Board approved investment Priorities Listing (IPL) approved 6 months prior to start of the year that can be valid for a maximum of 3 years.
- K. **Qualified Investor/ Enterprise** - shall mean a Registered Enterprise which invested in enterprises engaged in business defined in the vision mission of the Municipality of Pugo which are: tourism, eco- tourism, Agribusiness and industrial enterprises engaged in subdivision, shelter and settlements development; educational institutions engaged in innovative technologies.
- L. **Enterprise** - shall mean all other "Registered Enterprise" engaged in the businesses other than those defined as "Preferred" as provided for the "Listing" of the Board and shall be entitled to 50% to 75% of the tax incentive granted to the Preferred registered enterprise as may be determined and approved by the Board.
- M. **Certificate of Registration** - a certificate granting the registered enterprise of the fiscal and non-fiscal incentives as provided in this code
- N. **Fiscal Incentives** - refers to the incentives/ discounts only at a certain year/s on Business Tax of the qualified and approved investors as indicated in this code

HON. JOYCE R.
BASALLO

HON. REX A.
FERNANDEZ

HON. WINSTON C.
BOADO

HON. MICHAEL B.
LALES

HON. MICHELLE DULAY

HON. JOSE BASALLO

HON. PRISCILLA M. MARTIN

HON. FELIX R.
FLESA

HON. DORIS MARIL
D. TINO

HON. VICTOR LALES,
Sr.

HON. ROBERTO E.
LIBRATO

HON. ARMAND H.
MALLAMON

HON. BRYANT T.
BALDOING



OFFICE OF THE SANGGUNIANG BAYAN

ORDINANCE NO. 2022-175 page 4

- **Non-Fiscal Incentives** - refers to the services/ assistance rendered to qualified and approved investors as indicated in this code

**CHAPTER IV
PUGO INVESTMENTS AND INCENTIVES BOARD (PIIB)**

SECTION 5. The PUGO INVESTMENTS AND INCENTIVES BOARD. There is hereby created the Pugo Investments and Incentives Boards to implement the provisions of this Code

SECTION 6. COMPOSITION OF PUGO INVESTMENTS AND INCENTIVES BOARD. The Board shall be composed of the following

Chairman Municipal Mayor

Vice Chairman Municipal Vice Mayor

Members

- Municipal Planning and Development Officer
- Municipal Budget Officer
- Municipal Treasurer
- Municipal Agriculturist
- Municipal Tourism Officer
- SB Member, Chairman, Committee on Business, Trade and Industry
- SB Member, Chairman, Committee on Ways and Means
- SB Member, Chairman, Committee on Tourism and Investment Promotion
- President/ Chairman of Private Sectors of business/ industry in the Municipality to be appointed by the Local Chief Executive
- Business Permit and Licensing Officer (BPLO)
- Local Economic Development and Investment Promotion Officer (LEDIPO)

Representatives from the Department of Trade and Industry and Board of Investments (DTI) may be invited as resource persons/ advisers.

SECTION 7. Meetings and Quorum of the Board. The Board shall conduct quarterly meetings or as often as often as may be necessary, on such a day and time as it may fix. The presence of at least a majority of its members shall constitute a quorum. All decisions and policies there being a quorum, shall be considered valid.

SECTION 8. Power and Functions of the Board. The Pugo Investments and Incentives Board shall have the following powers and functions:

- A. Recommend to the Sangguniang Bayan and any amendments of the Code.
- B. Adopt an investments promotion program.
- C. Periodically review Investments Priority Areas (IPAs) eligible to incentives.
- D. Act on applications for registration of projects and availment of local incentives.
- E. Supervise the operations of the Investments Promotion Center.
- F. Establish cooperative undertakings with the LGUs, the private sector, NGOs or other institutions as may be necessary to effectively carry out its mandates; and
- G. Perform such other tasks necessary and incidental to the exercise and performance of their functions.



OFFICE OF THE SANGGUNILANG BAYAN

ORDINANCE NO. 2022-175. page 5

SECTION 9. Power and Function of the Chairman. The Chairman of the Board shall have the following powers and functions:

- A. To preside over the regular and special meetings of the Committee.
- B. To sign the Certificate of Registration in accordance with the rules and regulations of this code
- C. Generally, to exercise such other powers and performs such other functions/duties as may be necessary to carry out the objectives of this code.

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

- A. To preside over the regular and special meetings of the Committee in the absence of the Chairman; and
- B. To perform such other duties and functions as may be necessary for and in behalf of the latter.

SECTION 11. Power and Functions of the Board. The PIIB of any duly authorized member thereof, shall be powered and authorized to conduct an ocular inspection of the premises of the applicant for examination of the business activity of the enterprise, including the records and books of the enterprise, registered or applying for registration at any reasonable time of the day, during office hours, and 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 functions and powers.

**CHAPTER V
INVESTMENT PROMOTION CENTER**

SECTION 12. Creation. The Investment Promotion Center (IPC) shall be created to carry out the objectives of the Pugo Investments Incentives Code.

SECTION 13. Working Force of the IPC. The Board appoints the head of the IPC who may be the Local Economic Development and Investments Promotion Officer (LEDIPO) in accordance with **DILG Memorandum Circular 2010-113** on the Designation of Local Economic Development and Investments Promotion Officer (LEDIPO).

SECTION 14. Functions of the IPC. The IPC as One-Stop-Shop shall serve as the Technical Secretariat of the Board and shall take an active role in implementing the Code. In addition, it shall have the following duties and functions:

- A. Prepare and implement the annual investments promotion plan as approved by the Board.
- B. Reserve, process and evaluate application for registration and application for the availment of the local incentives and submit its recommendation to the Board within forty-five (45) days from the receipt of application.
- C. Assist in:
 - 1. Securing Business Permit and License
 - 2. Identifying Business or joint venture partners, raw materials suppliers and possible business sites
 - 3. Sourcing out skilled manpower and service providers
 - 4. Facilitates in resolving issues and concerns encountered by investors.
- D. Render after care services to registered enterprises/locators.
- E. Monitor and evaluate project implementation of registered enterprises.



OFFICE OF THE SANGGUNIANG BAYAN

ORDINANCE NO. 2022-175. page 6

- F. Establish and update data bank on general business information.
- G. Strengthen networking relationships.
- H. Prepare and disseminate investment promotion collaterals, industry and project profile as well as the cost of doing business in the municipality.
- I. Conduct briefings to investors.
- J. Represent the municipality in trade and investments meetings, conference, for a, conventions, and other similar gatherings in both domestic and foreign venues whenever so directed by the Board.
- K. Collate, analyze and compile pertinent data and studies concerning areas that have been or may be declared as "Investments Priority Areas"
- L. Recommend to the Board any modification/amendments to existing legislation and procedures on local investments.
- M. Perform such other functions as may be necessary to implement the intent of the Code.

CHAPTER VI

INVESTMENT PRIORITIES PLAN

SECTION 15. CRITERIA IN DETERMINING INVESTMENTS PRIORITY AREAS. Economic activity that shall be included in the Investments Priorities Plan (IPP) must be environmentally, socio-economically, technically and financially sound through investigation and analysis by the Board. The determination of preferred areas of investment to be listed in the IPP shall be based on the following:

- A. Long run comparative advantage
- B. Economic soundness
- C. Extent of contribution of the activity to a specific development goal
- D. Market and technical considerations
- E. Value of social obligation
- F. Other indicators of comparative advantage

SECTION 16. INVESTMENT PRIORITY AREAS. An Investment Priority Areas/Plan shall be adopted by the board in consultation with the Municipal Development Council and to be updated annually in accordance with Section 14 of this code. It shall likewise include the geographical location of Investment Priority Areas at a Municipal or Barangay level. Specific guidelines to implement the Investment Priority Plan shall be formulated by the Board.

- A. Incentives will be provided to new, expanding and diversification of projects in the following investment areas:

1 AGRIBUSINESS/RURAL ENTERPRISE

- a) Fruit, root crops and vegetable processing
- b) Food Processing and production
- c) Organic Rice Production
- d) Organic Fertilizer Production
- e) Ube Production/ Cacao/ Coffee Bean Production
- f) Others - any additional - to be discussed by the Board

HON. JOSE R. BASALLO

HON. REX A. FERNANDEZ

HON. WINSTON C. BOADO

HON. MARCELO B. LALLES

HON. MARGOT DULAY

HON. JOSE BASALLO

HON. EMILIA M. MARTIN

HON. R. ATLESA

HON. D. TINO
HON. DRESCHE KARL

HON. VICTOR LULES

HON. JOSE E. LEBAYO

HON. RICHARD H. BALANON

HON. BRYANT T. BALANON



OFFICE OF THE SANGGUNIANG BAYAN

ORDINANCE NO. 2022-175. page 7

2. ECO-TOURISM FACILITIES

- a) Business Hotels, Restaurants, Fast food Chains/Centers
- b) Mountain Resorts
- c) Riverview Resorts
- d) Farm resorts
- e) Natural Parks
- f) Camp Sites
- g) Others – any additional - to be discussed by the Board

**CHAPTER VII
REGISTRATION**

SECTION 17. PRE-QUALIFICATION REQUIREMENTS. For the purpose of application for registration and availment of incentives under the PIIB, the following qualifications must be complied with:

- A. The enterprise must have complied with all the requirements mandated under existing laws, rules and regulations for doing business in the Philippines.
- B. The activity engaged in must be listed in the IPAs of the municipality.
- C. The place of operation of production be located within the territorial jurisdiction of the municipality;
- D. 80% of its workforce must be bonafide residents of the municipality.
- E. Project must have safeguards against pollution or resource use if necessary.

SECTION 18. Types of Projects for Registration

- A. New Projects
- B. Expansion Project
- C. Modernization Projects/ innovation projects
- D. Diversification Projects

SECTION 19. Documentary Requirements

A. Single Proprietorship

- 1. Copy of Business Name Registration issued by the Department of Trade and Industry (DTI)
- 2. Copy of Audited Financial Statements.
- 3. Copy of Completed Application Form for registration under the PIIB; and
- 4. Such other documents that may be required by the Municipality to be submitted.

B. For partnership/ Corporation

- 1. Copy of articles of partnership or incorporation
- 2. Certified true copy of its Certificate of Registration issued by the Securities and Exchange Commission (SEC), for Corporation / Partnership.
- 3. Resolution of the applicants Board of Directors, in case of Corporation authorizing the filing of application.
- 4. Copy of Audited Financial Statements

HON. JUVENAL R.
BASCO

HON. REXA
FERNANDEZ

HON. WINSTON C.
BOADO

HON. MICHELLE R.
LALIS

HON. MARCO D. DULAY

HON. JOSE B. BASALLO

HON. PRISCILLA M. MARTIN

HON. RICHARD
MILERA

HON. DRECH KAY
D. TINO

HON. VICTOR LALIS
BY

HON. ROBERTO
LALIS

HON. ARMAND H.
MALLAMON

HON. BRIAN T.
BALLODING



Republic of the Philippines
Province of La Union
Municipality of Pugo

OFFICE OF THE SANGGUNIANG BAYAN

ORDINANCE NO. 2022-175. page 8

5. Environmental Compliance Certificate (ECC) or Non-Compliance Certificate (NCC), if applicable.
6. Copy of completed Application Form of registration under the PIIB; and
7. Such other document that may be required by the Municipality to be submitted.

C. For BOI Registered Enterprises

1. Certified true copy of the BOI Certificate of Registration.
2. Copy of the documents submitted to BOI pertaining to their registration.

SECTION 20. REGISTRATION PROCEDURES. The Board shall formulate appropriate rules and regulations to facilitate action on applications filed prescribed criteria for the evaluation of applications and devise standard form for use by the applicants.

A. Filing of Applications - All applications shall be filed in the Investments Promotion Center (IPC) of the municipality.

B. Client presents the documents for check listing on its completeness and consistency of information

C. Date of official Acceptance- only complete applications shall be officially accepted and registered in the Registration of Book. Date stamped on the application shall be considered as the date of official acceptance of the application.

D. Notice of filing of application in the municipal hall shall suffice publication requirement.

E. Order of payment shall be issued only with complete requirement of the application for the payment of the necessary fees required.

F. Evaluation/ Approval of Application - once an application is officially accepted the project will be evaluated by the IPC, which may conduct an ocular inspection at the premises of the business, if necessary. The evaluation of the application shall be presented for the action of the Board. If the application is approved, the IPC shall notify the applicant and inform the Treasurer and Assessor of such approval, guidance and appropriate action. If the application is denied, the IPC shall inform the applicant in writing. In both cases, a Board Resolution shall be entered in the minutes of the meeting of the Board.

G. Processing Time - to process all complete application within forty-five (45) days from the date of filing of complete requirements. Otherwise, it shall be deemed approved by the Board after the lapse of the processing period required.

H. Filing Fee - a Non-refundable filing fee shall be paid together with the required documents for registration. Fees to be collected are as follows:

• Micro Scale Enterprises	-	1,000
• Small Scale Enterprises	-	2,000
• Medium Enterprises	-	3,000
• Large Scale Enterprise	-	5,000

HON. REXA R. BASCOLO

HON. REXA R. FERNANDEZ

HON. WINSTON C. BOADO

HON. MICHELLE B. LALES

HON. MICHELLE B. LALES

HON. JOSE A. BASALLO

HON. MICHELLE B. LALES

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HON. MICHELLE B. LALES

HON. MICHELLE B. LALES

HON. JOSE A. BASALLO

HON. MICHELLE B. LALES



OFFICE OF THE SANGGUNILANG BAYAN

ORDINANCE NO. 2022-175 page 9

- I. Certificate of Registration- upon approval, an enterprise shall be issued a Certificate of Registration with the signature of the Chairman of the Board of such other officer of the Board may designated for the purpose as the needs arises.

SECTION 21. No double availment of incentives/benefits under different laws and/or programs

**CHAPTER VIII
FISCAL AND NON-FISCAL INCENTIVES**

- SECTION 22. TAX INCENTIVES TO QUALIFIED ENTERPRISES.** In addition to the incentives provided by the law, Republic Act 7160 or Local Government Code of 1991, and Republic Act 7961 known as "The Special Economic Zone Act of 1995" and other pertinent laws, a qualified micro, small, medium and large enterprise (MSME) under this Code shall enjoy the following tax incentives:

- A. **FISCAL INCENTIVES.** Qualified investors shall enjoy discounts on Business Taxes relative to the issuance of local business permits during the first three (3) years of operations, to wit:

1. For new pioneering investments, non-Board of Investments (BOI) registered firms; and

YEAR OF OPERATION (Micro, Small, Medium, large Enterprises)	DISCOUNT ON BUSINESS TAX (Micro, Small, Medium, large Enterprises)
First (1 st) Year	100%
Second (2 nd) Year	75%
Third (3 rd) Year	50%
Fourth (4 th) Year	Taxable in Full

2. Real Property Tax is NOT subject to tax incentives pursuant to Article 66, Chapter IV of RA 8756, thereof, the municipal real property tax share cannot be granted as tax incentives.

- B. **NON-FISCAL INCENTIVES.** The following assistance shall be accorded to investors.

1. Provides one-stop documentation for simplified documentation/registration procedures, which shall be facilitated with the assistance from the IPC.
2. Support industrial in securing electric power and water supply connection.
3. Assist investors in securing electric power and water supply connection
4. Coordinate the negotiation of special rates for utilities for industries with a certain minimum load.
5. Assist investors in their site selection and negotiation for right of way.
6. Network with concerned national agencies such as Technical Educations Skills and Development Authority (TESDA) and other similar institutions for trainings of workers to enhance skills or manpower of the enterprise.
7. Facilities outbound and inbound mission of investors; and
8. Such other after care services that may be accorded to investors.



Republic of the Philippines
Province of La Union
Municipality of Pugo

OFFICE OF THE SANGGUNANG BAYAN

ORDINANCE NO. 2022-175. page 10

**CHAPTER IX
APPROPRIATIONS**

SECTION 23. The Sangguniang Bayan shall appropriate necessary funds for operation of the Pugo Investments and Incentives Board and Investments Promotion Center (IPC).

SECTION 24. Honorarium. An honorarium amounting to One thousand pesos (P1,000.00) quarterly shall be granted to each member of the Pugo Investments and Incentives Board and the Head Secretariat subject to the usual government accounting and auditing rules and regulations.

**CHAPTER X
FINAL PROVISIONS**

SECTION 24. SEPARABILITY CLAUSE. The provisions of this Code are hereby declared to be separable and in the event that one or more of the other provisions and held illegal or unconstitutional, the validity of the other provisions shall not be affected.

SECTION 25. REPEALING CLAUSE. All ordinances, executive orders, and rules and regulations inconsistent or in conflict with the provisions of this Code are hereby repealed or modified accordingly.

SECTION 26. EFFECTIVITY CLAUSE. This ordinance shall take effect fifteen (15) days after its posting and publication as provided by law.

UNANIMOUSLY APPROVED.

MIKICO V. DULA
SB Member

MICHELLE R. BOADILLA-LALES
SB Member

WINSTON C. BOADO
SB Member

REX A. FERNANDEZ
SB Member

JAZENAL R. BASALLO
SB Member

BRYAN T. BALLOQUING
SB Member

ARMAND H. MALAMION
SB Member

ROSELIO E. LABAYO
SB Member

VICTOR LALES, Sr.
SB Member

DRIESCH KARL D. TIINO
SB Member

HON. JOSE BASALLO
HON. DORELLA M. MARTIN



Republic of the Philippines
Province of La Union
Municipality of Pugo

OFFICE OF THE SANGGUNIANG BAYAN

ORDINANCE NO. 2022-175

Page 11

I HEREBY CERTIFY THAT THIS IS A TRUE AND ACCURATE COPY OF THE
ORDINANCE DULY ENACTED BY THE SANGGUNIANG BAYAN DURING THE THIRD READING
ON JUNE 20, 2022.

HON. JUDITH R.
BASALLO

HON. RITA
FERNANDEZ

HON. WINSTON C.
BOADO

HON. MICHELLE B.
LALES

HON. MEXICO V. DULAY

Frelyn C. Rivera-Atijera
FRELYN C. RIVERA-ATIJERA
Secretary to the Sangguniang Bayan

Jose B. Basallo
JOSE B. BASALLO
Vice Mayor
&
Presiding Officer

APPROVED:

Priscilla M. Martin
PRISCILLA M. MARTIN, DDM.
Municipal Mayor
Date of Approval _____

HON. DERECH MARL
D. TINO

HON. VICTOR LALES
S.

HON. ROSARIO E.
LABAYO

HON. ARMANDO H.
SALASMAN

HON. BRIAN T.
BALLODING