

Republic of the Philippines
CITY OF SAN FERNANDO
Province of La Union

REGULAR SESSION OF THE SANGGUNIANG PANLUNGSOD OF THE CITY
OF SAN FERNANDO ON THE 10TH DAY OF OCTOBER 2018.

PRESENT:

Hon. Vice Mayor Alfredo Pablo R. Ortega
Hon. Councilor Maria Rosario Eufrosina P. Nisce
Hon. Councilor Francisco Paolo P. Ortega V
Hon. Councilor Ramon C. Ortega
Hon. Councilor Ernesto V. Rafon
Hon. Councilor John H. Orros
Hon. Councilor Antonio G. Jucar
Hon. Councilor Ferdinand C. Verzosa
Hon. Councilor Jessie R. Miranda
Hon. Councilor Ramon F. Laudencia
Hon. Councilor Mario A. Lacsamana
Hon. Councilor Arnel A. Almazan
Hon. Councilor Ramon Melicio E. Gurion
Hon. Member Ramon Guio A. Ortega, Jr.
Hon. Member Mark Anthony A. Ducusin

ABSENT:

None.

CITY ORDINANCE NO. 2018-19

AN ORDINANCE ENACTING THE 2018 INVESTMENTS AND INCENTIVES CODE OF THE CITY OF SAN FERNANDO, PROVINCE OF LA UNION AND REPEALING CITY ORDINANCE NO. 2006-03, OTHERWISE KNOWN AS THE INVESTMENT INCENTIVE CODE OF THE CITY OF SAN FERNANDO.

"Be it ordained, by the Sangguniang Panlungsod in session duly assembled that:

**CHAPTER 1
GENERAL PROVISIONS**

**Article I
Title**

Section 1. Title. This ordinance shall be known as the 2018 Investments and Incentives Code of the City of San Fernando.

**Article II
Declaration of Investment Policy**

Section 2. Declaration of Policies. It is the declared policy of the City of San Fernando to actively encourage the participation of the private sector in the promotion of economic growth, prosperity and local economic development in the City. 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 endeavors to accelerate economic progress, generate employment opportunities, increase local revenues and income, reduce poverty, and improve the over-all quality of life.

Section 3. Objectives. This Code has the following objectives:

- A. To harmonize national and local investment policies;
- B. To establish organizational structure 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 IPAs.
- E. To provide the guidelines and procedures for the registration and availment of local incentives.
- F. To define the scope of incentives that the City Government may grant to attract and retain investments.
- 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.
- I. To encourage the participation of all Filipinos including Overseas Filipino Workers (OFWs), *balikbayans* and other community stakeholders in investment undertakings:
- J. To use as a proactive measure to draw local and foreign investments specially in priority areas/industries.
- K. To define the development thrust of the LGU consistent with its Land Use Plan and Zoning Regulations.
- L. To speed up the development of new areas for industrial and business development.
- M. To disperse industries and commercial activities consistent with the City's land use plan.
- N. To promote private sector participation in local development through public-private partnerships.

Article III **Definition of Terms**

Section 4. Definition of Terms. When used in this Code

- A. **Barangay Micro Business Enterprise/BMBE** shall be defined under the Barangay Micro Business Enterprise (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 (PhP 3,000,000.00).

- B. **Board** shall mean the City of San Fernando Investment and Incentives Board (CSF-IIB) created under this Code, the powers and composition of which shall be provided under Section 8.
- C. **Board of Investments/BOI** shall refer to the implementing agency for Books One to Five of the Omnibus Investments Code (EO No. 226 dated 27 February 1987) as created under the latter.
- D. **Capitalization or capital** shall refer 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.
- E. **Capitalization of Existing Enterprise** shall refer to the additional cost of investment or “fresh capital” injected into the business.
- F. **Capitalization of New Enterprise** shall refer to the paid-up capital or actual capital contributions of the enterprise.
- G. **Center** shall mean the City of San Fernando Investments Promotion and Assistance Center (CSF-IPAC) which shall be the institution that will serve as the technical arm and Secretariat of the Board.
- H. **City of San Fernando, La Union** shall mean the City of San Fernando in the Province of La Union covering all the areas within its territorial jurisdiction as provided for by the law and its charter.
- I. **Code** shall refer to the 2018 City of San Fernando Investment Incentive Code.
- J. **CSF-IPAC** shall refer to the Local Economic and Investments Promotion and Assistance Center (LEIPC) with the responsibilities and functions provided under the Article IV of this Code.
- K. **Date of Official Acceptance** shall refer to the date the application for registration was received by the receiving personnel of the CSF-IPAC and recorded in the logbook for the purpose.
- L. **Date of Registration** shall refer to the date when the Certification of Registration is issued by the Board, which information shall be recorded in a Registration Logbook to be maintained by the Board.
- M. **Diversification** shall refer to the introduction and production of a distinct line of products or services by an Existing Business, wether 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 products or services, Provided further, that a new service or product may constitute a diverisification even if such service or product is already within the scope of its original or existing business purpose.
- N. **ECOZONE** shall be defined under the Special Economic Zone Act of 1995 (PEZA Law, Republic Act No. 7916) e.i, selected areas with highly developed or which have the potential to be developed into agro-industrial, industrial, tourist/recreational, commercial, banking, investment and fiancial centers.

- O. **Existing Businesses/Enterprise** shall refer to businesses engaged in activities included in the IPA List but are already engaged in operating in the City and are intending to expand and/or diversify to other business ventures falling within the IPAs as defined herein.
- P. **Expansion** shall mean installation of additional facilities/equipment that will result in the increase in 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, eighty five percent (85%) utilization of its existing capacity.
- Q. **Incentive Law** shall refer to a law, such as the Omnibus Investments Code, granting incentives to specific businesses at both 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 the BOI.
- R. **Investment Priority 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.
- S. **Investment Priority Areas (IPAs)** shall refer to the business activities which are entitled to incentives granted by the City of San Fernando, La Union, which investments area or business activity is specifically included in the identified Investment Priority Areas which shall be amended, as necessary.
- T. **Local Applicants** shall 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 under the IPA List.
- U. **Local Staff** shall refer to a worker or personnel who is a bonafide resident of the City 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.
- V. **Micro, Small, and Medium Enterprises/(MSMEs)** 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:

By Asset Size:

<i>Micro Enterprise:</i>	<i>Up to PhP3,000,000.00</i>
<i>Small Enterprise:</i>	<i>PhP3,000,001.00 - PhP15,000,000.00</i>
<i>Medium Enterprise:</i>	<i>PhP15,000,001.00 - PhP100,000,000.00</i>
<i>Large Enterprise:</i>	<i>Over PhP100,000,000.00</i>

Provided that, in the case of Micro Enterprises, including BMBEs, land which is not officially contributed 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:

<i>Micro Enterprise:</i>	<i>1-9 employees</i>
<i>Small Enterprise:</i>	<i>10-50 employees</i>
<i>Medium Enterprise:</i>	<i>51-199 employees</i>
<i>Large Enterprise:</i>	<i>200 and above employees</i>

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 national laws and other issuances pertaining to MSMEs.

- W. **Modernization or Rehabilitation Projects** shall refer to projects of Existing Businesses or Registered Enterprises, which projects are registrable and thus, eligible to incentives if any of following conditions are met:
1. 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,
 2. significant increase in productive efficiency including de-bottlenecking,
 3. meaningful upgrading or product quality.
 4. upgrade in the technology used in production to bring it at par with the technology used by leading manufacturers of the product manufactured by the Registered Enterprise.
 5. no employees shall be removed as a result of the modernization.
 6. the modernization or rehabilitation should result in increasing the operating capacity/actual production output to be eligible for registration.
- X. **New Enterprise** shall mean newly-organized business entity duly registered with Securities and Exchange Commission (SEC) and/or Department of Trade and Industry (DTI) which intend to venture into new projects in the City with the interest of establishing their operation or production within the territorial jurisdiction of the City of San Fernando, La Union.
- Y. **New Projects** shall 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.

- Z. **PEZA** shall refer to the Philippine Economic Zone Authority, as created under the PEZA Law.
- AA. **Project Study** shall refer to a project profile which presents, among others, highlights of the projected financial viability and environmental and socio-economic impact of the proposed business.
- BB. **Registered Enterprise** shall refer 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.
- CC. **Registering Agency** shall refer to any other government agency/office/ instrumentality that is authorized to administer incentives under an Incentive 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.

Chapter 2

**THE CITY OF SAN FERNANDO INVESTMENTS AND INCENTIVES
BOARD AND THE CITY OF SAN FERNANDO INVESTMENTS
PROMOTION AND ASSISTANCE CENTER**

Article IV

The City of San Fernando Investments and Incentives Board (CSF-IIB)

Section 5. Creation of the CSF-IIB. The City of San Fernando Investments and Incentives Board (CSF-IIB) is hereby created to implement the provisions of this Code and to provide policy and operational directions of the City of San Fernando Investments Promotion and Assistance Center (CSF-IPAC).

Section 6. Composition of the CSF-IIB. The Board shall be composed of nineteen (19) members as follows:

Chairperson	:	City Mayor
Vice Chair	:	President of the Local Chamber of Commerce and Industry or Business Association

Members:

- Sanggunian Chairperson of the Committee on Trade, Commerce and Industry
- Sanggunian Chairperson of the Committees on Finance, Budget and Appropriations and Agriculture and Aquatic Resources
- Sanggunian Chairperson of the Committee on Tourism and Historical Preservation
- Sanggunian Chairperson of the Committee on Ways and Means
- Filipino Chinese Chamber of Commerce and Industry, Inc.
- Department of Trade and Industry, representative
- Department of Tourism, representative
- Department of Transportation and Communication, representative
- Information and Communications Technology Council, representative

- President, Association of Tourism Industries and Network in La Union
- City Administrator
- Local Economic and Business Development Officer
- Private Sector Representatives from significant business/industry sectors in the locality to be approved by the City Mayor for a term of two (2) years
- City Agriculturist
- City Planning and Development Officer
- Office for Strategy Management
- City Legal Officer

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 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.

Article V

The City of San Fernando Investments Promotion and Assistance Center

Section 8. Functions. There shall be a City of San Fernando Investments Promotions and Assistance Center (CSF-IPAC) which shall serve as a One-Stop Processing Center that will assist investors in securing permits and facilitate the availment of local and national government incentives and identify business or joint ventures or partnerships, material suppliers, contractors, possible business sites and other requirements and needs of the investors.

Section 9. Composition of the Center/Secretariat. The City of San Fernando Investments Promotion and Assistance Center, hereunder referred to as the CSF-IPAC shall be composed of the Local Economic and Business Development Office Personnel who shall serve as the technical arm and secretariat to the City of San Fernando Investment Incentive Board (CSF-IIB) and shall function to implement its policies and guidelines.

Chapter 3

PREFERRED INVESTMENT PRIORITY AREAS AND ACTIVITIES

Article VI

Investment Priority Areas (IPAs)

Section 10. Policies in the Identification of Investment Priority Areas (IPAs). The Board through the CSF-IPAC shall formulate the IPAs, consistent with the IPP, the Comprehensive Development Plan (CDP), and Comprehensive Land Use Plan (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 City of San Fernando, La Union:

- A. Investment activities that are aligned to the national development thrusts and the development vision of the City of San Fernando, La Union.
- B. Significant potential contribution to the growth of a sizeable number of existing businesses or to a vital industry in the City.
- C. Capacity to generate employment, whether direct or indirect, particularly for those within the City.
- D. Use of locally available materials and resources.
- E. Ability to promote the dispersal of business/commercial activities to less developed areas within the City of San Fernando, La Union.
- F. Ability to improve environmental conditions and sanitation within the City of San Fernando, La Union including biodiversity, or involves activities that promote sustainability of existing natural resources of the City of San Fernando, La Union.
- G. Contribution to the Infrastructure in the City of San Fernando, La Union through Public Private Partnership (PPP).
- H. Ability to enhance agriculture and eco-tourism initiatives including 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 11. Periodic Review of the IPA List. The Board shall undertake review of the IPA list at least once every two (2) years taking into consideration the socio-economic development plan and public investment plans formulated by the LDC of the City of San Fernando, La Union; and the preferred areas of investments as provided under pertinent national laws. The following factors may be considered for inclusion to the IPA:

- A. Number of local residents to be employed by the enterprise;
- B. Use of local/indigenous raw materials;
- C. High degree of value added features;
- D. Creation of linkages with local industries such as joint ventures with local investors;
- E. 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 12. Amendment of the IPA List. The Board may recommend the amendment/removal of an investment activity from the IPA 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 13. IPA List for the period 2018-2023. Subject to the confirmation of the Board and the Sangguniang Parlunsod, the IPA list shall include the following:

Sector	Specific Projects/ Activities
Agriculture, Agribusiness,	1. This covers commercial production and

and Fishery	<p>commercial processing of agricultural, herbal and fishery products (including their by-products and wastes)</p> <ul style="list-style-type: none">a. Commercial production of agricultural crops, poultry, livestock, and fishery products – Crop production should involve new plantation, to qualify for registration, intercropping of high value crops as identified by the Department of Agriculture (DA).b. Commercial processing of agricultural and fishery products, their by-products and wastes, to a form ready for further processing or final consumption.c. Extraction of higher value substances from agricultural and forest-based raw materials through bio-processing as endorsed by the concerned government agency.d. Production of animal and aqua feeds excluding those for game animals, fowls and other species for pet/ leisure purposes.e. Processing of agricultural products or semi-processing should involve domestically produced raw 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 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.
Support Facilities such as irrigation, post-harvest, cold storage, blast freezing and the production of fertilizers and pesticides	<p>2. Irrigation Irrigation system primarily intended to render service to agricultural farms to include water resource, 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 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 and Transportation	<ul style="list-style-type: none">a. Tourist transport services wether for land, sea and air. 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

	<p>transport operators must have garage, hangar, or berthing/ docking facilities</p> <p>b. Accommodation facilities. Establishment and operation of establishments such as, but not limited to hotels, resorts, apartment hotels, tourist inns, pension houses, private homes for homestays, service apartments, and bed and breakfast facilities and similar structures, convention and exhibition facilities; amusement parks, adventure and eco-tourism facilities and recreation centers; theme parks; health and wellness facilities such as, but not limited to spas, tertiary hospitals and ambulatory clinics, agri-tourism farms and facilities; tourism and training centers and institutes.</p> <p>c. Development of retirement villages.</p> <p>d. Restoration/preservation and operation of historical shrines, landmarks and structures.</p> <p>e. Electric public transport facilities such as, but not limited to e-trikes, e-jeps and e-buses</p> <p>f. Fee-based taxi services.</p> <p>g. City-based air and sea transport services for passengers and cargo.</p>
Information and Communication Technology (ICT)	IT Business Process Outsourcing (e.g. call centers), and educational and training institutions that provide support services to ICT.
Manufacturing/Processing	This covers manufacturing activities of environmentally friendly or non - polluting products such as but not limited to garments, footwear, handicrafts, souvenirs and toys.
Infrastructure, Water and Sanitation and Property Development	<p>This covers the development of infrastructures, telecommunications, power generation plant, water systems, logistics, transportation facilities, transport systems, warehouses, commercial centers, Business Processing Outsourcing (BPO) Centers (building /offices) and mass housing and socialized housing. This also covers infrastructure projects under the Public-Private-Partnership (PPP) Law.</p> <p>Clean water projects. This covers the establishment of wastewater treatment facilities and sewage/septage collection integrated with treatment facilities and the adoption of water pollution control technology, cleaner production and waste minimization undertaken through PPP or non-PPP schemes.</p> <p>Projects adapting water pollution control technology, cleaner production and waste minimization are only entitled to capital equipment incentive.</p> <p>Public Parking/Public Parking building</p> <p>Solar Farm and other renewable energy sources.</p>
Ecological Solid Waste	This covers the establishment of waste facilities

Management	<p>whether or not integrated with manufacturing facility, using as inputs one hundred percent (100%) locally generated solid waste materials or scraps from the recycling facility to produce semi-finished or finished product.</p> <p>This also covers the establishment of an integrated solid waste management facility that includes the following: 1) materials recovery facility with a processing center that shall be used to manufactured goods from recyclable wastes (biodegradable, non-biodegradable, recyclable and residual) as the raw materials; and 2) categorized sanitary landfill that shall accommodate only residual wastes that were not recycled due to the absence of appropriate technology for recycling.</p> <p>Waste recycling projects without a manufacturing/ processing facility are not entitled to incentive.</p> <p>Registered projects may avail of capital equipment incentive.</p>
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The CSF-IPAC shall determine the specific requirements for each area for its entitlement to the incentives benefits.

Chapter 4
APPLICATION AND REGISTRATION PROCEDURES

Article VII
Registration

Section 14. Registration Requirements. For the purpose of effective management, all enterprises listed in the IPAs and wanting to avail of local incentives shall be registered. Prior to the registration the following requirements shall be complied:

- A. Those mandated under existing laws, rules and regulations for doing business in the Philippines.
- B. The activity engaged in by the enterprise must be listed in the IPAs list of the City.
- C. The place of operation or production must be located within the territorial jurisdiction of the City.
- D. Specified percentage of its workforce must be bonafide residents of the City, giving equal opportunities for men, women, the poor, the indigenous people and the physically handicapped.
- E. The activity engaged must have safeguards against pollution and other environmental and health hazards including climate change adaptation and mitigation.

- F. The enterprise must secure from the Office of the National Commission on Indigenous People (NCIP) a Free and Prior Informed Consent (FPIC) should the proposed site of investment be located within the ancestral domain claim of the indigenous people.

Section 15. 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:

- A. New Projects
- B. Expansion Projects
- C. Modernization Projects
- D. Diversification Projects

Section 16. Documentary Requirements. The following documents shall be submitted to the Board through the CSF-IPAC for evaluation:

- A. Single Proprietorship
 - 1. Copy of Business Name Registration issued by the DTI
 - 2. Copy of completed application form for registration under the CSF-IIC.
 - 3. Business Profile of the intended enterprise
- B. For Partnership/Corporation
 - 1. Copy of the 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 authorizing the filing of application by the applicant's Board of Directors.
 - 4. Copy of completed application for registration under the CSF-IIC.
 - 5. Business Profile of the intended enterprise.

Section 17. Registration Procedures. The procedure for the processing of registration under this Code is as follows:

- A. Filing of Application. All applications shall be filed with the CSF-IPAC together with all documents required above. The form for the purpose shall be issued by the same office.
- B. Check Listing/Assessment of Documents. The CSF-IPAC 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.
- C. 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.
- D. Notice of filing of application in the provincial, city, municipal, or barangay hall shall suffice as publication requirement.
- E. The CSF-IPAC shall issue a non-refundable filing fee in the amount of Two Thousand Pesos (PhP2,000.00). An Order of Payment of the necessary fees shall then be issued by the CSF-IPAC which shall be paid to the City Treasurer's Office. Micro enterprises shall pay one half ($\frac{1}{2}$) of the rate prescribed.

- F. Evaluation/Approval of Application. Once an application is officially accepted, the project will be evaluated by the CSF-IPAC. Whenever necessary, the CSF-IPAC may conduct an ocular inspection, if applicable, at the premises of the business. The inspection shall be conducted during office hours at a time convenient for both the applicant and the CSF-IPAC which should not be later than 5 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 CSF-IPAC shall notify the applicant and inform the City Treasurer and the Assessor of such approval for their guidance and appropriate action. If the application is denied, the CSF-IPAC 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 fifteen (15) days shall be construed as an approval of the application.

- G. 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. Actual investment to commence within a year after the granting of Certificate of Registration.
 - d. The incentives granted and period of its availment.

The Certificate of Registration shall be issued within fifteen (15) days from the date of approval of the Board or the lapse of the processing period.

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. Simplified documentary, reportorial requirements and applications for incentive.

Chapter 5 FISCAL AND NON-FISCAL INCENTIVES

Article VIII Incentives (Fiscal and Non-Fiscal)

Section 18. 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:

- A. 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 City of San Fernando, as expressed in the Local Development Plan (LDP) and Comprehensive Land Use Plan (CLUP) and those which are included in the investment thrusts of the local, regional and national government.

- B. Incentives to be established shall be fair, clear, time-bounded and ensure the level playing field for investors in the locality.
- C. The incentives shall not extend to regulatory fees levied under the police power of the City Government and on fees and charges imposed for services rendered by the City, 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 City 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.
- D. The exemption granted shall take effect at the start of commercial operation of the business.
- E. No double availment of incentives/ benefit under the different laws and/or programs.
- F. 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.
- G. 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 and the corresponding refund granted pursuant to such Incentive Law or by virtue of the issuance of the Certificate of Registration by a Registering Agency.

Section 19. Local Fiscal Incentives. The following fiscal incentives may be given to enterprises consistent with the Local Revenue Code and Book II of the Local Government Code (LGC) (RA 7160).

- A. Exemption from local business taxes pursuant to Section 133 (g) of the LGC.
- B. Tax Exemption Privileges through ordinances duly approved pursuant to Section 192 of the LGC as defined in Section 282 of the LGC Implementing Rules and Regulations.
- C. Exemption from the payment of postal charges and fees pursuant to Article 282 of the LGC.
- D. Exemption from basic real property tax pursuant to Section 234.

The period of exemption shall be based on the paid up capital or actual capital contributions for new enterprises and the additional cost of investment or “fresh capital of existing enterprises as follows:

	New Enterprise/Expansion	Period
Large Enterprise	Above PhP100,000,000.00	6 years
Medium Enterprise	PhP15,000,001.00 -100,000,000.00	4 years
Small Enterprise	PhP3,000,000.00 - 15,000,000.00	3 years
Micro Enterprise	Below PhP3,000,000.00	2 years

General Policies on Local Fiscal Incentives

- A. The incentive shall be granted only to new, expanding and/or modernizing projects located in the City.
- B. The exemption should not extend to regulatory fees which levied under the police power of the City as well as fees and charges imposed for services rendered by the City of San Fernando, La Union 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.
- C. The exemption granted shall take effect only during the next calendar year for a specified number of years unless specified herein.

Section 20. Non Fiscal Incentives. The Board through the CSF-IPAC shall provide non-fiscal incentives to Registered Enterprises as follows:

- A. One stop documentation for simplified registration procedure.
- B. Assistance in resolving issues and concerns with National Government Agencies (NGA), Non Government Organizations (NGOs) and other service providers.
- C. Support for industrial peace through reconciliation and mediation.
- D. Assistance in securing electric power and water supply connection.
- E. Coordination in the negotiation of special rates for utilities for industries with a certain minimum load, if feasible.
- F. 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.
- G. Referral to existing technical and financial assistance programs available through government and non-government organizations.
- H. Facilitation of outbound and inbound missions of investors.
- I. 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.
- J. Assistance in site selection and negotiation for right of way.
- K. Identification of joint venture partner as deemed necessary.
- L. Provide opportunities for micro and small enterprises to participate trade fairs and exhibits, entrepreneur development and training, and inclusion in business matching.

- M. Such other aftercare services that may be afforded to investors including validation and visitation in the aftermath of man-made natural disasters for additional incentives to be granted.

Section 21. 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 used in its production, the Board, through the CSF-IPAC, shall have the authority to inspect the Registered Enterprise to verify that it 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 22. Periodic and other Compliance Requirements. Nothing under this Code exempts a Registered Enterprise from applicable requirements of the City 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.

Except as expressly provided under this Code or the Incentive Law under which they are likewise registered, 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 as provided herein, Registered Enterprises shall not be required to comply with any other requirements that businesses not registered under this Code are not required to comply with.

Chapter 7 CORPORATE SOCIAL RESPONSIBILITIES

Article IX Corporate Social Responsibility (CSR) of Registered Enterprises

Section 23. 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 third year of operation if they enjoy local incentives for a term of more than two (2) years.

Section 24. Eligible CSR Projects. Five percent (5%) of incentives availed should be allotted for CSR activities which may include but shall not be limited to the following:

A. Urban Renewal, Greening or Re-greening

1. Rehabilitation and restoration of buildings or other structures in accordance with the urban renewal or restoration plan of the City of San Fernando, La Union.
2. 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.

B. Social Projects

1. Housing for employees
2. Educational projects
3. Cultural revivals
4. Programs for women, children, elderly, disabled, out of school youth and indigenous people.
5. Community infrastructure projects aligned with the development plan of the City.
6. 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).

Article 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 Sangguniang Panlungsod shall have the option to exclude such projects from being entitled to local incentives except to the extent that they fall under the IPA 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 (DENR). 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 City Government, as determined by the appropriate City Government office.

Chapter 8
BUDGETARY APPROPRIATIONS AND REVENUES

Article XI
Budget Appropriation

Section 25. Appropriations. The expenditures to operationalize the Board and the CSF-IPAC shall be provided through regular or supplemental budget. The City of San Fernando, La Union 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) and Capital Outlay.

Article XII
Separability Clause

Section 26. Separability Clause. If, for any reason, any portion or provision, section or part of the Code is declared unconstitutional or invalid, the other provisions hereof not so affected shall continue in full force and effect.

Article XIII
Repealing Clause

Section 27. 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.

Article XIV
Effectivity Clause

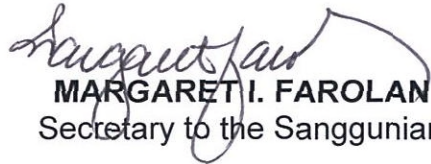
Section 28. Date of Effectivity. This Code shall take effect immediately after its posting and publication.

APPROVED.”

* * * * *

CERTIFICATION

I hereby certify to the correctness of the above quoted City Ordinance enacted on Third Reading on October 10, 2018.


MARGARET I. FAROLAN
Secretary to the Sanggunian

ATTESTED:


ALFREDO PABLO R. ORTEGA
Vice Mayor

APPROVED this 29th day of October 2018.


HERMENEGILDO A. GUALBERTO
City Mayor