



ORDINANCE NO. 2018-140

AN ORDINANCE ENACTING THE INVESTMENT AND INCENTIVE CODE OF THE MUNICIPALITY OF SANTOL, LA UNION, AS AMENDED.

Author/s:

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Be It Ordained By The Sangguniang Bayan Of Santol, La Union Duly Assembled, That:

CHAPTER 1

GENERAL PROVISIONS

**Article I
Title and Scope**

SECTION 1. Title. This ordinance shall be known and cited as the Investment and Incentive Code of the Municipality of Santol, La Union.

SECTION 2. Scope. This Code shall apply to all persons, entities or enterprises, government and non-government organizations and instrumentalities that would like to invest or engage in the expansion/diversification of any business activity in the Municipality of Santol, La Union.

**Article II
Policy Application**

SECTION 3. Purpose. The Investment and Incentive Code of the Municipality of Santol, La Union is promulgated to encourage domestic and foreign capital to establish enterprises that would utilize a substantial amount of labor, raw materials and natural resources of the Municipality and to improve the landscape of investment opportunity in the Municipality.

SECTION 4. Declaration of Policy. The Municipality of Santol is envisioned to enhance financial capability of the dynamic and peaceful Municipality and establish global standard for excellence towards a progressive society under a strong community deserving of honor and dignity.

It is hereby declared the policy of the Municipality to encourage new investment or expansion/diversification in agri-business, tourism, ware houses, and other property development such as establishments of private industrial state.

The Municipality of Santol welcomes and encourages domestic and foreign capital to establish enterprises that would utilize local labor and raw materials available in the Municipality and by providing a conducive climate where business and industry will prosper thereby generating employment particularly for the constituents of the municipality.

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Finally, to promote and enhance strong private sector collaboration towards effective local development that shall make the Municipality of Santol achieved local autonomy.

SECTION 5. Rules of Interpretation. Any conflict or controversy arising under this code shall be resolved on the basis of applicable legal provisions or jurisprudence. In the absence thereof, customs, and traditions, in so far as they are applicable to the conflict or controversy may be resorted to.

Article III Definition of Terms

SECTION 6. Definition of Terms. When used in this Code

- a. "Board" shall refer to the Municipality of Santol Investment and Incentive Board created under this code which shall serve as the implementing arm of the code.
- b. "Capitalization" or "capital" shall mean the total project cost.
- c. "Capitalization of New Enterprise" shall refer to the paid-up capital or actual capital contributions of the enterprise.
- d. "Capitalization of Existing Enterprise" shall refer to the additional cost of investment or "fresh capital" injected into the business.
- e. "Center" shall refer/mean the Municipality of Santol Investment Promotion and Assistance Center (MSIPAC) which shall be the institution that will serve as the technical arm and secretariat of the Board.
- f. "Code" shall refer to the Incentive and Investment Code of the Municipality of Santol, La Union.
- g. "Existing Establishment/Enterprise", refers to an existing business entity presently registered with Securities and Exchange Commission (SEC) and/or Department of Trade and Industry (DTI) which intends to undertake an expansion or production are presently located within the territorial jurisdiction of the Municipality of Santol.
- h. "Local Personnel/Worker" refers to those workers or personnel who are residents of the Municipality of Santol, La Union for at least six (6) months wherein proof of residency is the presentation of Barangay Clearance from the Barangays where he/she resides.
- i. "New Investors/Enterprise" refers to those newly-organized business entity duly registered with SEC and/or DTI which intend to venture into new projects in the Municipality with the interest of establishing their place of operation or production within the territorial jurisdiction of the Municipality of Santol.
- j. "Investment Priority Areas" (IPA) shall refer to a list of activities eligible for incentives under the code.
- k. "Project Study" refers to a Project Profile which present, among others highlights of the financial and the socio-economic impact of the project.
- l. "Registered Enterprise" shall mean any individual, partnership, corporation and other entity incorporated and/or organized and existing under Philippine Laws, and registered with the Investment Incentive Board in accordance with the provisions of this code; provided, however, that the term registered enterprises shall not include banks, associations, trust companies, brokers and dealers in securities, lending investors, consumer cooperatives and credit unions and such other business

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organizations whose principal purpose or principal source of income is to receive deposits, lend or borrow money, buy and sell or otherwise deal, trade and invest in common or preferred stocks, debentures, bonds or other marketable instruments generally recognized as securities or discharge other similar intermediary trust or judiciary functions.

CHAPTER 2

SANTOL INVESTMENT AND INCENTIVE BOARD AND INVESTMENT AND ASSITANCE CENTER

Article IV
Santol Investment and Incentive Board

SECTION 7. Composition of the Board. There is hereby created a Santol Investment and Incentive Board (MSIIB) to implement the provisions of this code composed of the following:

Chairperson	Municipal Mayor
Vice Chairperson	Municipal Vice mayor
Members	Chairman, SB Committee on Trade and Industry
	Chairperson, SB Committee on Tourism
	Chairperson, SB Committee on Budget, Finance and Appropriation
	Chairperson, SB Committee on Food and Agriculture
	Chairperson, SB Committee on Environmental Protection
	Municipal Treasurer
	Municipal Assessor
	Municipal Planning and Development Coordinator
	Municipal Engineer
	Representative, Department of Transportation and Communication (DOTC)
	Representative, Department of Trade and Industry (DTI)
	Representative, Department of Tourism
	Business, Permits and Licensing Officer
	Municipal Tourism Officer
	Local Economic Investment Promotion Officer
Secretariat	Municipal Planning and Development Office Staff to be headed by the MPDC

SECTION 8. Meetings and Quorum of the Board. The Board shall meet at least once every quarter or as often as may be necessary, on such day and time as it may fix. The presence of at least a majority of its members shall constitute a quorum for the Board to exercise its power and functions.

SECTION 9. Powers, Duties and Functions of the Board. It is the primary duty of the Santol Investment and Incentive Board (SIIB) to establish policies for a favorable and stable business climate that will encourage investment and generate employment for the people of the Municipality. It shall have the following powers, duties and functions:

- A. To formulate the implementing rules and regulations (IRR) of this Code 60 days and after to its approval promulgate the implementing provisions of the same;
- B. To adopt short and medium term investment promotion programs which shall specify the list of investment priority areas and activities and the corresponding incentives and support measures to be used to attract targeted investors and to identify preferred development areas in consonance with the approved Comprehensive Land Use Plan (CLUP) of the Municipality;

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- C. To establish promotional and marketing strategies/activities to generate new investments in the Municipality;
- D. To act on all applications submitted to the Board with in thirty (30) days from receipt hereof;
- E. Periodically check and verify the compliance of registered enterprises with the relevant provisions of this code, with the rules and regulations promulgated under this code and with the terms and conditions of registration;
- F. After due notice, cancel the registration or suspend the enjoyment or benefits of any registered enterprise for (1) failure to maintain the applications required by this code for registration with the Board, or (2) for violation of any provisions of this code, of the terms and conditions of registration;
- G. Review and recommend revisions to make the code more competitive and responsive to the needs of investors;
- H. To supervise the operation of the Municipality of Santol Investment Promotion and Assistance Center (MSIPAC);
- I. To exercise all other functions and powers necessary or incidental to the attainment of the objective of the code; and
- J. To secure additional funding and other resources to supplement budgetary support provided by the Municipal Government for the implementation of this code.

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

- A. To preside over the regular and special meetings of the Board.
- B. To render annual reports and such other special reports as may be requested;
- C. To recommend to the Board such policies and measures deemed necessary to carry out the objectives of this code; and
- D. Generally, to exercise such other functions and perform such other duties as may be directed by the Board from time to time.

SECTION 11. Powers and Duties of the Vice Chairman. The Vice Chairman of the Board shall have the following powers and functions;

- A. To preside over the meetings of the Board in the absence of the Chairman;
- B. To perform the duties of the Chairman in the absence of the latter and such other duties as maybe assigned to him by the Board.

Article V

Santol Investment Promotions and Assistance Center

SECTION 12. Functions. There shall be a Santol Investment Promotions and Assistance Center (SIPAC) which shall be created hereafter and be organized by the Municipal Government of Santol through an Executive Order or Ordinance to assist investors in setting up their projects and facilities in the municipality. The SIPAC shall serve as a One-Stop Processing Center that will assist investors in securing permits and facilitate the availment of Local and national incentives and identify business or joint ventures or partnerships, material suppliers, contractors, possible business sites and other requirements and needs of the investors.

The Center shall serve as the technical arm and the Secretariat of the Board and shall implement its policies and guidelines. Among its duties are:

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- A. Accept process and evaluate all applications for registration for the availment of the local incentives and submit recommendations to the Board within ten (10) days from the receipt of the application.
- B. Provide the necessary supports services to the investors.
- C. Establish and maintain networking relations with other offices and agencies whenever appropriate and necessary.
- D. Collate, analyze and compile pertinent data, information and studies concerning the preferred/ priority investment areas provided by this code or as may be determined by the Board.
- E. Prepare for the agenda for the meetings of the Board and submit for its considerations and approval the policies and measures which are deemed necessary to carry out the provisions of this Code.
- F. Submit annual reports on the activities of the center through the chairman of the board within sixty (60) days after the close of the calendar year.
- G. Perform other duties and functions as determined by the Board.

SECTION 13. Composition of the Center/ Secretariat. The center shall be composed of qualified staff from the different departments of the Municipal Government to be headed by the Municipal Planning and Development Coordinator.

SECTION 14. Funding. The Municipal Government shall appropriate the sum of Fifty Thousand Pesos (P50, 000.00) as initial subsidy from its Annual Budget and provide an annual subsidy of not less than Twenty-five Thousand Pesos (P25, 000.00) thereafter as support fund to the Municipal Investment Promotion and Assistance Center to defray its expenses subject to the usual accounting and auditing rules and regulations.

CHAPTER 3

PREFERRED/ INVESTMENT PRIORITY AREAS/ ACTIVITIES

Article VI

Preferred/ Investment Priority Areas/ Activities

SECTION 15. Criteria in Investment Priority Determination. No economic activity shall be included in the Investment Priorities Plan unless it is shown to be environmentally, socio-economically, technically and financially sound after thorough investigation and analysis by the Board.

The following determination of preferred areas of investment to be listed in the Investment Priorities 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 objectives
- f. Other indicators of comparative advantage

SECTION 16. Investment Priority Areas (IPA). The Board shall meet annually, to draw up a list of Investment Priority Areas that would be established in the Municipality. The list shall be made after a thorough consultation with the appropriate government agencies and the private sector and be printed or published at the beginning of the calendar year.

The determination of the IPA shall be based on long term, comparative advantage. The Board may update, delete or add top the list of Investment Priority Areas for inclusion in the list as the need arises. The Board may terminate/ remove an area of activity or investment priority area from the list base on the following:

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- A. When sufficient investment in the areas have been attained as determined by the Board;
- B. When the continued extensions of the incentives or support measures for the specific areas are no longer to the best interest of the municipality and may place the interest of the public in adverse position.
- C. When new areas for investment arise causing other areas or activities to become obsolesces or out doted; and
- D. When the Board in convinced that investments in such areas of activity in the Municipality cannot be attracted within reasonable cost or may result in unfavorable business climate.

Incentives shall be provided to new and expanding enterprises in the following preferred Priority Investments areas, to wit:

1. Agri-Business sectors such as but no limited to.
 - a. Vacuum, Dehydrated and Spray-dried Fruit Processing
 - b. Organic Fertilizer Production, certified Seed Production, Corn/ Feed mill;
2. Tourism Facilities such as but not limited to:
 - a. Swimming Pools and Fishing Resort/ Hilly Resort;
 - b. Theme parks, Restaurants and Malls.
3. Infrastructure Facilities such as but not limited to:
 - a. Warehouses
4. Property Development such as but not limited to:
 - a. Private Industrial Estates;
 - b. Commercial/ Office Building;
 - c. Residential Area Development;
 - d. Convention Center Establishments.
5. Telecommunications
6. Water facilities and services
7. Environmental Protection and Enhancement Project such as but not limited to:
 - a. Cemetery/ Memorial parks
 - b. Sanitary lands fill.
 - c. Drainage and Sewerage
8. Establishment of Medical, Education, Training, and Sport facilities:
9. Establishment of IT/ ICT – outstanding service facilities for medical transcription, legal transcription, graphic designs, systems developments and other IT/ ICT allied services:
10. Miscellaneous light Manufacturing Activities such as but not limited to:
 - a. Garments;
 - b. Foot wares;
 - c. Bulky House wares;
 - d. Toys.

SECTION 17. Investment Incentive and Support Measures. To promote the growth of investments in the municipality and in the preferred areas, the Board shall recommend for

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approval to the Sangguniang Bayan the following incentives and support measures which the government shall be willing to extend to targeted investors for their proper availment.

SECTION 18. Effectivity of Appropriate Incentives and Support Measures. The Board shall review the package of appropriate incentives and support measures every two (2) years and may remove an area or activity from the list, at any point, when the following conditions are present:

- a. Sufficient investments in the areas or activity have been attained;
- b. Continued extension of incentives or support measures for the specific investment area is no longer to the interest of the town or may place the government and the public in adverse position;
- c. The investment area or activity cannot attract investors with reasonable time and cause or may result in unfavorable business climate of the town; and
- d. The interest of the municipality and the public is in adverse position.

CHAPTER 4

QUALIFICATION, APPLICATION AND REGISTRATION PROCEDURES

Article VII Qualification of Enterprises

SECTION 19. Qualification of the New Enterprises. Any person, partnership, corporation, association, cooperative or enterprise may apply for the incentives provided in this Code if they meet the following qualifications:

- A. The new enterprise must have complied with all the requirements mandated under existing local and national laws and the Constitution
- B. The new enterprise must be duly registered with appropriate government agencies such as but not limited to the Department of Trade and Industry and Securities and Exchange Commission.
- C. The investment must be in any of the preferred/priority investment areas provided in the listing.
- D. Preference shall be given to the residents of the Municipality for the labor requirements of the new business.
- E. The new enterprises must have capitalization of least (a) Php500,000.00 but not more than Php2.0 M in case of small scale enterprise; (b) Over Php2.0 M but not more than Php10.0 M for medium scale enterprise; (c) Php10.0 M but not over Php40.0 M for large scale."

SECTION 20. Qualification of Existing Enterprise. Existing enterprises may avail of the incentives provided in this code if they meet the following qualifications:

- A. Compliance to the requirements mandated by existing local and national laws the constitution.
- B. The business falls under the list of investment Priority areas.
- C. The principal office of the business enterprise must be located within the territorial jurisdiction of the Municipality; otherwise. The enterprise must relocate its principal office to the Municipality.

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- D. The enterprise shall expand its existing production capacity or construct new buildings and other civil works for the installation of new machineries and equipment or improvement thereof in the minimum amount of One Million Five Hundred Thousand Pesos (Php1, 500, 000.00) which will result in an increased production capacity or for diversification project.

Article III
Registration Procedures

SECTION 21. General Provisions.

- A. All applications for the availment of the incentives provided in this Code must be filed with the Municipality of Santol Investment Promotion and Assistance Center (MSIPAC)
- B. Applications must be recorded in the registration book of the Center.
- C. The date of official acceptance shall appear in the registration as well as the stamped date of the application.
- D. Applications shall only be deemed officially accepted upon payment of a non-refundable filing fee of One Thousand Pesos (P1, 000.00) which shall be accrued as funds for the Center, and upon the submission of the complete requirements of the Center.
- E. Application for incentives shall be acted upon by the Center within Ten (10) working days from the official acceptance thereof and, if found qualified forwarded to the Board for approval. If found to be unqualified, the Center shall inform the applicant in writing.
- F. The board shall act on the application with in thirty (30) days upon receipt of the application from the Center. If the application is not acted upon within thirty (30) days, said application is deemed approved.
- G. Once approved by the Board, the Center shall inform the application in writing and deliver the Certificate of Registration.
- H. The Center shall then inform all concerned agencies and/or entities of such approval for their information, guidance and appropriate action.

SECTION 22. Required Supporting Documents.

- A. Four (4) copies of the project study/ business plan indicating the financial and socio-economic impact of the project.
- B. Four (4) copies of the Articles of Incorporation and By-laws as registered in the securities and Exchange Commission (SEC) for partnerships and corporations, or Certificate of Business Name Registration with the Department of Trade and Industry (DTI) for single proprietorship;
- C. Resolution of the applicant's Board of Directors authorizing the filing of application or letter of intent by the owner for single proprietorship;
- D. Authority to file the application of the partners for partnerships or the Board of Directors for corporations; and
- E. List of Directors and other principal officers and their respective nationalities and addresses certified by the Corporate Secretary or list of officers certified by the owner-applicant for single proprietorship.

SECTION 23. Certificate of Registration. A certificate of Registration shall be issued to all qualified applicants signed by the Chairman and the Vice Chairman of the Board and such other officers as the Board may empower or designate for the purpose. The Certificate shall be in such form and style as the Board determine and shall state, among others, the following:

- A. The name of the registered enterprises;

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- B. The preferred/priority area of investment in which the registered enterprise will engage in; and
- C. The other terms and conditions to be observed by the registered enterprise by virtue of its registration.

CHAPTER 5

RIGHTS, GUARANTEES AND INCENTIVES OF REGISTERED ENTERPRISES

Article IX
Rights and Privileges

SECTION 24. Rights and Guarantees. The Municipal Government, through the Municipality of Santol Investment and incentive Board, guarantees to provide all investors and registered enterprises in the Municipality the following rights and guarantees provided by law and constitution:

- A. To provide a concise and comprehensive information to prospective investors on the economic priorities of the Municipal Government, including target investment areas and general conditions applicable to incoming direct private investments;
- B. To take the fullest possible account of the need of the investors for stabilizing, growth and profit in their operations, in the formulation or modification of policies and ordinance that affect investments;
- C. Not to interfere or modify arrangements with the investors after details of the implementation of an investment project has been accepted and approved and management structure of the enterprise has been established;
- D. To avoid undue distortion of competition between or among enterprises operating within its territorial jurisdiction;
- E. In accordance with law and where no local personnel or worker is qualified or capable and capable and available, allow the employment of qualified foreign personnel where there is necessary for the efficient operation of incentives granted of the enterprise or foe technology transfer; and

Article X
Incentives Provided to Enterprises

SECTION 25. Fiscal Incentives. Qualified enterprises under this Code shall be exempted from paying business taxes for the period provided herein. Moreover, only new enterprises shall be exempted from paying Real Property Tax (RPT) for the applicable period. 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.

	New Enterprise	Existing Enterprise	
For Corporation	Php 20 – 50 M	Php 10 – 25 M	3 years
	Above Php 50 M	Above Php 25 M	6 years
For Partnership	Php 10 – 25 M	Php 8.5 M	3 years
	Above Php 25 M	Above Php 8.5 M	6 years
For Single Proprietorship	Php 1 – 5 M	Php 1 – 1.9 M	3 years
	Above Php 10 M	Above Php 1.9 M	6 years

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CHAPTER 6
FINAL PROVISIONS

SECTION 26. Separability Clause. The provisions of this Code are hereby declared to be separable. In the event that are or more of the other provisions are held illegal or unconstitutional, the validity of the other provisions shall not be affected.

SECTION 27. Repealing Clause. All ordinances, executive orders and rules and regulations inconsistent on in conflict with the provisions of this code are hereby repealed, amended or modified accordingly.

SECTION 28. Effectivity. This code shall take effect upon approval.

Approved.

CARRIED BY THE VOTE OF:

ABSENT	:	None
ABSTAINED	:	None
AFFIRMATIVE	:	SBM William O. Agtarap, SBM Ramil A. Sansano, SBM Antonina E. Ominga, SBM Edwin A. Valdez, SBM Leo S. Martinez, SBM Monico O. Oriente, Jr., SBMTirso A. Ledda, SBM Editha R. Millares, ABCP Paterno B. Oriña, IPMR Elpidio B. Dario, Sr.
NEGATIVE	:	None
DATE OF PASSAGE	:	June 4, 2018
COMMENTS	:	Passed

I HEREBY CERTIFY to the correctness of the above-quoted ordinance, which was enacted during the Third Reading.

ERLINDA N. ARELLANO

Secretary to the Sangguniang Bayan

ATTESTED BY:

WILLIAM O. AGTARAP
Sangguniang Bayan Member

ANTONINA E. OMINGA
Sangguniang Bayan Member

LEO S. MARTINEZ
Sangguniang Bayan Member

TIRSO A. LEDDA
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EBD

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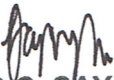
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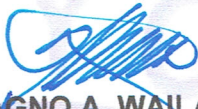
ENA


PATERNO B. ORIÑA
ABC President


ELPIDIO B. DARIO, SR.
Indigenous Peoples Mandatory Rep.


FLORESTO C. SAYANGDA
Municipal Vice Mayor/Presiding Officer

Approved this 7th day of June, 2018.


ENGR. MAGNO A. WAILAN
Municipal Mayor



            
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