

**EXCERPTS FROM THE MINUTES OF THE FOURTH REGULAR SESSION OF THE
SANGGUNIANG BAYAN OF THE MUNICIPALITY OF SAN NICOLAS, PROVINCE OF
ILOCOS NORTE HELD AT THE MUNICIPAL SESSION HALL ON THE 25TH DAY OF
OCTOBER 2004 AT 9:30 IN THE MORNING.**

PRESENT:

Hon. Antonio C. Yoro,	Member-Temporary Presiding Officer
Hon. Domingo C. Ambrocio, Jr.,	Member;
Hon. Ed Mar Vincent L. Bonoan,	Member;
Hon. Linda E. Badua,	Member;
Hon. Luciano R. Caraang,	Member;
Hon. Jessie P. Pumaras,	Member;
Hon. Angelo B. Ilaga,	Member;
Hon. Napoleon L. Hernando,	Member-ABC President;
Hon. Jenny Winchelle U. Quetoras,	Member-PPSK President;

ABSENT:

Hon. Astor M. Asuncion, Jr.	Member.
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**MUNICIPAL ORDINANCE NO. 2004-19
Series of 2004**

**AN ORDINANCE ENACTING THE SAN NICOLAS INVESTMENT INCENTIVE CODE
OF 2004, AND FOR OTHER PURPOSES.**

Be it ordained by the Sangguniang Bayan of San Nicolas that:

CHAPTER I. TITLE AND DECLARATION OF POLICY

SECTION 1. Title. This ordinance shall be known as the **SAN NICOLAS INVESTMENT CODE OF 2004**.

SECTION 2. Declaration of Policy. It is hereby a policy of San Nicolas to attract and promote productive investments from individuals, partnership, corporations and governments in activities which significantly contribute to the socio-economic development and industrialization of the municipality.

The municipality encourages foreign and domestic capital to new investment , expansion in agro-industrial , eco-cultural tourism activities and infrastructure and such other preferred areas of investment as may be determined from time to time which will provide employment and livelihood opportunities and raise the standard of living of the people of San Nicolas in accordance with the Provincial Framework Plan and Investment Program of the municipality.

Chapter II. THE INVESTMENT INCENTIVE BOARD

SECTION 3. The Investment Incentive Board. There is hereby created an Investment Incentive Board (IIB) to implement the provisions of this Code.

SECTION 4. Composition of the Board. The Board shall be composed of the following:

Chairman	Municipal Mayor
Vice-Chairman.....	Municipal Vice-Mayor
Members:	

Chairman, SB Public Works & Public Utilities Committee
Chairman, SB Planning & Economic Dev. Committee
Chairman, SB Finance & Ways and Means Committee
Municipal Administrator
Municipal Planning & Development Coordinator DTI
Two (2) Private Sector Representatives

Provided that membership of the Board may be increased by the Sangguniang Bayan through the recommendation of the Board.

SECTION 5. Meetings and Quorum of the Board. The Board shall meet at least once every quarter or as often as maybe necessary as 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 powers and functions'

SECTION 6. Powers and Functions of the Board. The functions of the Board shall be to establish a favorable and stable policy on business climate that will support and encourage investment and operation of business activities consistent with the development needs of the municipality. Pursuant to this, the Board shall be vested with the following powers:

- a. To promulgate the Implementing Rules and Regulations of the provisions of the Code;
- b. To commission economic and technical research groups for the purpose of identifying priority investment areas and / or activities as well as appropriate support measures to be used to attract visitors;
- c. To adopt a short and medium term investment promotion program;
- d. To periodically check and verify the compliance of the registered enterprises with the provisions of this Code and its implementing rules and regulations;
- e. After due notice, may cancel the registration or suspend the enjoyment of incentives or benefits of any registered enterprises;
- f. Exercise all functions and powers necessary to or incidental to the attainment of the objectives of this Code;

SECTION 7. The San Nicolas Investment Promotion Center. There is hereby created the San Nicolas, Investment Promotions Center (SNIPC) which shall serve as the Secretariat of the boards and whose members shall be determined by the Board. The center shall have the following functions:

- a. Undertake pro-active and re-active investment generation;
- b. Provides services to potential investors;
- c. Assist investors in accomplishment of business requirements;
- d. Assist investment data banking services that will contain general business information on economic activities, costs and sites characteristics;

SECTION 8. Appropriations. An initial funding to defray expenses necessary or incidental to the implementation of the provisions of this code, shall be appropriated from the funds of the Municipal government. Thereafter, the municipal government shall appropriate annually the necessary funding requirements for the continued implementation of the provisions of this Code, subject to the usual accounting and auditing rules and regulations.

CHAPTER III. PRIORITY INVESTMENT AREAS/ACTIVITIES AND APPROPRIATE INCENTIVES AND SUPPORT MEASURES.

SECTION 9. Priority Investment Areas. A list of priority investment areas and activities shall be drawn up by the Board, in consultation with concerned government agencies and private sector groups.

SECTION 10. Appropriate Incentive and Support Measures. The Board shall identify and recommend for the approval of the Sangguniang Bayan appropriate incentives and support measures which shall be extended to targeted investors to promote priority investment areas and activities.

SECTION 11. Effectivity of Appropriate Incentives and Support Measures. The Board shall review the package of appropriate incentives and support measures every two (2) years, provided that the Board may remove an area or activity from the list at any point when it deems that sufficient investments in the area or activity have been attained and where continued extension of incentives or support measures for expansion of said area or activity may place the interest of the municipality in adverse position. The Board may also remove an investment area from the list where it is convinced that the investments in such area or activity in the municipality cannot be attracted within reasonable cost or may result in unfavorable business climate.

CHAPTER IV. REGISTRATION OF ENTERPRISES

SECTION 12. Qualification of Enterprises. New investors who intend to avail of the incentives provided in this Code must meet the following qualifications.

- a. That the business enterprises must have complied with all the requirements Mandated under existing local and national laws.;
- b. That the prospective investors place of operation or production be located within the territorial jurisdiction of San Nicolas;
- c. That the prospective investors must engage in activities in preferred areas of investments;
- d. The new enterprise must have a capitalization of at least One Hundred Million (100M) in the case of corporation or partnership or Fifty Million (50M) in the case of single proprietorship;

Provided, however, that the Sangguniang Bayan may authorize in meritorious cases the reduction of the capital requirements.

- e. That the new enterprise will provide out of the labor force and employment of persons who are bonafide residents of the municipality.

SECTION 13. Application Requirements. Application shall be filed with the Boar, recorded on a registration book and the date appearing therein a stamped on the application shall be considered the date of official filing thereof.

A non-refundable filing fee of One Thousand Pesos (P1,000) shall be paid together with the following documents for registration;

- a. Four copies of the complete project study showing the project covered by the application is economically, technically and financially sound;
- b. Copies of the Article of Incorporation and By-Laws submitted to the SEC, BOI or EPZA as the case maybe;
- c. Resolution or letter of the Board of Directors or President of the Board authorizing the filing of application;

- d. List of directors and other principal officers and their respective nationalities and current addresses, as certified by the Corporate Secretary.

SECTION 14. Approval and Registration Procedures. The Board is authorized to adopt regulation to facilitate action on applications filed with its prescribed criteria for the evaluation of several applications filed one preferred area; devise standard forms for use of applicants.

SECTION 15. Certificate of Registration. A registered enterprises under this Code shall be issued a certificate of registration with the signature of the Chairman and/or such other officer of the Board it may designate and empower for the purpose.

CHAPTER V. RIGHTS AND PRIVILEGES

SECTION 16. Right and Privileges Guaranteed by the Municipal Government. The Municipal Government through the San Nicolas Investment Incentive Board shall;

- a. Provide a comprehensive information to prospective investors on the economic priorities of the Municipal Government, including target investment areas;
- b. Communicate investment evaluation criteria and procedures to enhance transparency in the granting of incentives;
- c. Take the fullest account of the needs of the investors for stability growth and profit in their operations in the formulation and modification of policies that affect investment;
- d. Avoid undue partiality between and among enterprises operating within its territorial jurisdiction whether domestic or foreign. When granting any special incentives or exemptions in encouraging investments in the identified areas;
- e. Resolve all doubts concerning the benefits and incentives granted under this ordinance.

CHAPTER VI. INCENTIVES TO REGISTERED ENTERPRISES

SECTION 17. Incentives to Registered Enterprises. A registered enterprises qualified under this code shall enjoy the following incentives:

- a. Registered new enterprises shall have a graduated tax incentives of four (4) years after the issuance of certificate of Registration;
- b. For the first year of operation, the Local Revenue Code of 2002, Section 15, shall be imposed;
- c. For the second year of operation, a tax rate of 20% of 1% shall be imposed;
- d. For the third year of operation, a tax rate of 27.5% of 1% shall be imposed;
- e. For the fourth and fifth year of operation, a tax rate of 35% of 1% shall be imposed;

Provide; that as essential commodity the above stated subsection c; d; e; a rate of not to exceed 12% of the prescribed (50% of 1%) shall be imposed.

CHAPTER VII. TERMINATION OF TAX INCENTIVE

SECTION 18. Termination of the Tax Incentive. The incentive shall be terminated after the fifth year of operation of the business and the Local Tax Revenue Code of 2004 shall automatically take effect, specifically Section 15, of the said code.

CHAPTER VIII. FINAL PROVISIONS

SECTION 19. Penal Clause. Any violation of the provisions of this Code. Existing laws, ordinances, rules and regulations shall be ground for cancellation or revocation of the registration of the business and the withdrawal of all incentives granted under this Code.

SECTION 20. Separability Clause. If for any reason or reasons, any part or provisions of this Code is declared unconstitutional or invalid, the other provisions which are not affected thereby shall remain in force.

SECTION 21. Effectivity. This ordinance shall take effect immediately upon its approval.

Presiding Officer

SB Secretary

APPROVED:

Municipal Mayor