

HOUSE OF REPRESENTATIVES

H. No. 7507

BY REPRESENTATIVES SY-ALVARADO, BAUTISTA, ALVAREZ (F.), SALCEDA, GARIN (S.), GARBIN, MACEDA, COLLANTES, VIOLAGO, CRISOLOGO, BAGATSING, FARINAS (R.C.), ALBANO, SIAO, VARGAS ALFONSO, BARONDA, PADUANO, VALERIANO, SAVELLANO, TEJADA, LACSON-NOEL, ESTRELLA, ALONTE, HERNANDEZ, VARGAS, ARAGONES, TAN (A.S.), BOLILIA, DY (F.M.C.), MARTINEZ, NOGRALES (J.J.), ABU, GONZALES (A.), PIMENTEL, SANTOS-RECTO, CASTELO, DY (I.P.), FERRER (L.), ABUEG-ZALDIVAR, SUANSING (E.), SINGSON-MEEHAN, DE VENECIA, HARESCO, DELOSO-MONTALLA, NUÑEZ-MALANYAON, ARENAS, FUENTEBELLA, ESCUDERO, GO (M.), DAGOOC, ONG (R.), SUNTAY, PADIERNOS, SUANSING (H.), GATCHALIAN, SALO, TAMBUNTING, VILLA, NIETO, PINEDA, REMULLA, ACOSTA, ABANTE, TIANGCO, REVILLA, VILLANUEVA (E.), RIVERA, DY (F.), MARCOLETA, JIMENEZ, CHIPECO AND HOFER, PER COMMITTEE REPORT NO. 438

AN ACT

GRANTING SAN MIGUEL AEROCITY INC. A FRANCHISE TO CONSTRUCT, DEVELOP, ESTABLISH, OPERATE, AND MAINTAIN A DOMESTIC AND INTERNATIONAL AIRPORT IN THE MUNICIPALITY OF BULAKAN, PROVINCE OF BULACAN, AND TO CONSTRUCT, DEVELOP, ESTABLISH, OPERATE, AND MAINTAIN AN ADJACENT AIRPORT CITY

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

1 **SECTION 1. Nature and Scope of Franchise.** – Subject to the provisions of
2 the Constitution and applicable laws, rules and regulations, there is hereby granted
3 to San Miguel Aerocity Inc., hereinafter referred to as the grantee, its successor or
4 assignees, a franchise to construct, develop, establish, operate, and maintain for
5 commercial purposes and in the public interest, a domestic and international airport,

1 hereinafter referred to as the airport, in Barangays Taliptip and Bambang in the
2 Municipality of Bulakan, Province of Bulacan.

3
4 The grantee shall likewise have the right to construct, acquire, lease, operate
5 or manage such properties which are as convenient or essential to efficiently carry
6 out objectives of this Act, such as toll roads, railroads, mass transport systems,
7 hotels, warehouses, hangars, aircraft service stations and other facilities, as well as
8 to develop the areas adjacent to the airport into one integral and comprehensive
9 development, hereinafter collectively referred to as the Airport City.

10
11 **SEC. 2. Manner of Operation of Airport Facilities.** – All airport properties
12 and facilities owned, maintained, operated, or managed by the grantee, its
13 successors or assignees, shall be operated and maintained at all times in the best,
14 cautious, and diligent manner and in accordance with the standards, practices and
15 procedures required by the Manual of Standards-Aerodromes. It shall also be the
16 duty of the grantee, its successors or assignees, whenever required to do so by the
17 Department of Transportation (DOTr) or its legal successor, or the Civil Aviation
18 Authority of the Philippines (CAAP), or any other authorized government agency, to
19 modify, improve, and change such properties and facilities or systems in such a
20 manner and to such extent as the progress in science and technological
21 improvements in the airport or air transport service industry may render reasonable
22 and proper.

23
24 **SEC. 3. Authority of the Civil Aviation Authority of the Philippines.** – The
25 grantee shall secure from the CAAP such appropriate certification, permit or license
26 for the construction, installation and operation of the airport. In issuing the
27 certificate, the CAAP shall have the power to impose such conditions relative to the
28 construction, operation, and maintenance of the airport in compliance with
29 international standards. The CAAP shall have the authority to regulate the
30 construction and operation of the airport. The CAAP, however, shall not
31 unreasonably withhold or delay the grant of any such authority, permit or license.

32
33 **SEC. 4. Responsibility to the Public.** – The grantee shall conform to the
34 ethics of honest enterprise and not use the airport for subversive and treasonable
35 acts.

36
37 The grantee shall operate and maintain the Airport City in a satisfactory
38 manner at all times, and as far as economical and practicable, modify, improve, or
39 change such systems and equipment used therein to keep abreast with the
40 advances in science and technology.

41
42 **SECTION 5. Rates for Services.** - The charges and rates for the use of the
43 airport shall be subject to the approval of the CAAP.

44
45 **SECTION 6. Airport City and Related Businesses.** – In order to encourage,
46 promote and accelerate the sound and balanced industrial, economic and social
47 development of the areas adjacent to the airport and attract investments therein, the
48 grantee is hereby authorized and allowed to construct, acquire, own, lease, operate,
49 develop or manage the Airport City, and conduct other businesses related to the

1 **SEC. 11. Gross Receipts.** - The grantee, its successors or assignees, shall
2 keep a separate account of the gross receipts of the business transacted by it and
3 shall furnish the Commission on Audit (COA) and the Bureau of the Treasury a copy
4 of such account not later than the thirty-first (31st) day of January of each year for the
5 preceding twelve (12) months.

6
7 **SEC. 12. Books and Accounts.** – The books and accounts of the grantee, its
8 successors or assignees, shall always be open to the inspection of the COA and its
9 duly authorized representatives. It shall be the duty of the grantee to submit to the
10 COA two (2) copies of the quarterly reports on the gross receipts, the net profits and
11 the general condition of the business.

12
13 **SEC. 13. Warranty in Favor of the National and Local Governments.** –
14 The grantee shall hold the national, provincial, city, and municipal governments of
15 the Philippines free from all claims, accounts, demands, or actions arising out of
16 accidents or injuries, whether to property or to persons, caused by the construction
17 or operation of the airport.

18
19 **SEC. 14. Sale, Lease, Transfer, Grant of Usufruct, or Assignment of**
20 **Franchise.** – The grantee shall not sell, lease, transfer, grant the usufruct of, nor
21 assign this franchise or the rights and privileges acquired thereunder to any person,
22 firm, company, corporation or other commercial or legal entity, nor merge with any
23 other corporation or entity, nor the controlling interest of the grantee be transferred,
24 simultaneously or contemporaneously, to any person, firm, company, corporation, or
25 entity without the prior approval of the Congress of the Philippines. Congress shall
26 be informed of any sale, lease, transfer, grant of usufruct, or assignment of franchise
27 or the rights and privileges acquired thereunder, or of the merger or transfer of the
28 controlling interest of the grantee, within sixty (60) days after the completion of said
29 transaction. Failure to report to Congress such change of ownership shall render the
30 franchise *ipso facto* revoked. Any person or entity to which this franchise is sold,
31 transferred or assigned shall be subject to the same conditions, terms, restrictions,
32 and limitations of this Act: *Provided*, That the limitations set forth in this Section shall
33 not apply to: (a) any transfer or issuance of shares of stock in the implementation of
34 the requirement for the dispersal of the grantee's ownership pursuant to Section 18
35 of this Act; (b) any transfer or sale of shares of stock to a foreign or local investor or
36 investors; (c) any issuance of shares to any foreign or local investors pursuant to or
37 in connection with any increase in the grantee's authorized capital stock which shall
38 result in the dilution of the stockholdings of the grantee's then existing stockholders;
39 and (d) any combination thereof where such transfer, sale or issuance is effected in
40 order to enable the grantee to raise the necessary capital or financing for the
41 provision of any of the services authorized by this Act and/or to carry out any of the
42 purposes for which the grantee has been incorporated or organized: *Provided*,
43 finally, That any such transfer, sale or issuance is in accordance with any applicable
44 constitutional limitations.

45
46 **SEC. 15. Right of Way.** – The grantee, in accordance with existing laws and
47 local ordinances, shall have the power to acquire either by purchase, negotiation,
48 expropriation or condemnation proceedings, any private lands within or adjacent to
49 the premises of the airport for the following purposes: (1) acquisition and

1 utilities must be implemented. Noncompliance therewith shall render the franchise
2 *ipso facto* revoked.

3
4 **SEC. 19. Reportorial Requirement.** – The grantee shall submit an annual
5 report to the Congress of the Philippines through the Committee on Legislative
6 Franchises of the House of Representatives and the Committee on Public Services
7 of the Senate, on its compliance with the terms and conditions of the franchise and
8 on its operations on or before April 30 of every year during the term of its franchise.
9 The reportorial compliance certificate issued by Congress shall be required before
10 any application for permit or certificate is accepted by the CAAP.

11
12 **SEC. 20. Penalty Clause.** – Failure of the grantee to submit the requisite
13 annual report to Congress shall be penalized by a fine of One million pesos
14 (P1,000,000.00) per working day of noncompliance. The fine shall be collected by
15 the CAAP from the delinquent franchise grantee separate from the reportorial
16 penalties imposed by the CAAP and the same shall be remitted to the Bureau of the
17 Treasury.

18
19 **SEC. 21. Equality Clause.** – Any advantage, favor, privilege, exemption, or
20 immunity granted under existing franchises, or which may hereafter be granted,
21 upon prior review and approval of Congress, shall become part of this franchise and
22 shall be accorded immediately and unconditionally to the herein grantee: *Provided,*
23 That the foregoing shall neither apply to nor affect the provisions of the franchise
24 concerning territorial coverage, the term, or the type of service authorized by the
25 franchise.

26
27 **SEC. 22. Repealability and Non-exclusivity Clause.** – This franchise shall
28 be subject to amendment, alteration, or repeal by the Congress of the Philippines
29 when the public interest so requires and shall not be interpreted as an exclusive
30 grant of the privileges herein provided for.

31
32 **SEC. 23. Separability Clause.** – If any of the sections or provisions of this
33 Act is held invalid, all other provisions not affected thereby shall remain valid.

34
35 **SEC. 24. Repealing Clause.** –All laws, decrees, orders, resolutions,
36 instructions, rules and regulations, and other issuances or parts thereof which are
37 inconsistent with the provisions of this Act are hereby repealed, amended, or
38 modified accordingly.

39
40 **SEC. 25. Effectivity.** – This Act shall take effect fifteen (15) days after its
41 publication in the Official Gazette or in a newspaper of general circulation.

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43 Approved,