

**[ REPUBLIC ACT NO. 6070, August 04, 1969 ]**

**AN ACT CREATING THE ILOCOS SUR DEVELOPMENT AUTHORITY,  
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES,  
PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES.**

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

CHAPTER I  
CREATION AND ORGANIZATION OF CORPORATION

SECTION 1. *Declaration of Policy.*—It is hereby declared to be the policy of the Congress to foster the accelerated and balanced growth of the Province of Ilocos Sur, within the context of national plans and policies for social and economic development, through the leadership, guidance and support of the government. To achieve this end, it is recognized that a government corporation should be created for the purpose of drawing up the necessary plans for provincial development; providing leadership in the setting up of pioneering or ground-breaking industrial and agricultural enterprises; coordinating or integrating the diverse efforts of the various public and private entities directly engaged in implementing plans and projects affecting power, manufacturing, mining, transportation and communications, conservation, resettlement, education, extension work, health and other activities leading to the rapid socio-economic growth of the province; and extending or facilitating the extension of financial, management and technical support to worthwhile, industrial and commercial ventures within the province.

SEC. 2. *Ilocos Sur Development Authority created.*— There is hereby created a body corporate to be known as the Ilocos Sur Development Authority, hereinafter referred to as the Authority, which shall be organized within sixty days after the effectivity of this Act. The Authority shall execute the powers and functions herein vested and conferred upon it in such manner as will in its judgment, aid to the fullest possible extent in carrying out the aims and purposes set forth below. This Act may be cited as the Ilocos Sur Development Authority Act of 1969.

SEC. 3. *Incorporation.*—The members of the Board of Directors first appointed shall be deemed the incorporators and the incorporation shall be held to have been effected from the date of the first meeting of such Board.

SEC. 4. *Location of Principal Office.*—The Authority shall maintain its principal office at a convenient place within the province, but it may have branch offices in other places as are necessary for the proper conduct of its business. After the selection of the location of its principal office, the Authority shall publish notice of such selection or change in the Official Gazette.

CHAPTER II

## PURPOSES

### SEC. 5. *Purposes.*—*The Authority shall have the following purposes:*

- a) To make a comprehensive survey of the physical and natural resources and potentialities of the province, including its social conditions, values and institutions, and special problems and, on the basis thereof, to draft comprehensive and detailed plan designed to promote the province's rapid social and economic development along the general lines set forth by the National Economic Council: Provided, That the said plan shall first be referred to the President who shall act upon it within a period of three months from the date of submission.
- b) To provide the machinery for extending the necessary planning, management and technical assistance to prospective and existing investors in the province.
- c) To make recommendations to the proper agencies on the peso or dollar financing, technical support, physical assistance and, generally the level of priority to be accorded industrial and agricultural projects soliciting or requiring direct help from or through the government or any of its instrumentalities.
- d) To coordinate and integrate such projects of operations of local governments, governmental agencies, public corporations and, where clearly necessary and feasible, those of private entities, as bear directly upon the plans and activities of the Authority so as to make possible the accelerated and balanced development of the province within the context of the guidelines formulated by the National Economic Council; for this purpose, to set up a compact and well-trained staff for effective liaison and consultation or joint planning and implementation with such government and private entities; Provided, That disputes involving jurisdiction between the Authority and any department, bureau, office, agency or instrumentality of the government within the area covered by this Act, and those arising in the coordination or integration of government plans, projects, or operations in the province shall be settled by decision of the President of the Philippines.
- e) To engage in industry, agriculture, or other enterprises within the province which may be necessary or directly contributory to the socio-economic development of the province and, for this purpose, whether by itself or in cooperation with private persons or entities, to organize, finance, invest in, and operate subsidiary corporations when such an arrangement is absolutely necessary to implement the powers granted to it by this Act: Provided, That the Authority shall engage only in those activities as are in the nature of pioneering ventures or are demonstrably beyond the scope, capacity, or interest of purely private enterprise due to considerations of geography, technical or capital requirements, returns on investment, and risk.
- f) To make a report annually to the National Economic Council and the Congress through the President, based upon its continuing assessment

and evaluation, in the light of the Authority's approved plans and objectives of the progress of its activities including those done in collaboration with the various government and private entities engaged in the implementation of socio-economic plans and projects in the province, including in such report, among other items, a general survey of the social and economic conditions of the province, socio-economic problems having special reference to the work of the Authority, a comparison of the development targets act for the year ending and the manner in which actual accomplishment measures up to such targets, and appropriate administrative and legislative recommendations.

### CHAPTER III CORPORATE POWERS

SEC. 6. *Powers and functions.*—Except as otherwise specifically provided in this Act, the Authority shall have the following powers and functions:

- a) To succeed on its corporate name.
- b) To sue and be sued in such corporate name.
- c) To adopt, alter, and use a corporation's seal, which shall be judicially noticed.
- d) To make contracts of any kind and description to enable it to discharge its functions under this Act.
- e) To adopt, amend, and repeal its by-laws.
- f) To acquire, lease, or hold such personal and real property as it deem necessary or convenient in the transactions of its business and may lease, mortgage, sell, alienate, or otherwise dispose any such personal and real property held by it, but it may not sell its properties and products for delivery or use outside of the Philippines without the approval of the President.
- g) To exercise the right of eminent domain in the name of the Republic of the Philippines, and in the acquisition of real estate by condemnation proceedings, the title to such real estate shall be taken in the name of the Republic of the Philippines, and thereupon all such real estate shall be entrusted to the Authority as the agent of the Republic of the Philippines to accomplish the aims and purposes of this Act.
- h) To make such regulations as are necessary to execute the powers and functions vested in it by this Act.
- i) To borrow funds from any local or foreign financing institution independent of the bonds it may issue, to finance its projects.
- j) To purchase, hold, alienate, mortgage, pledge, or otherwise dispose of the shares of the capital stock of, or any bond, security, or other

evidence of indebtedness created by any other corporation or copartnership of this on any other country.

k) For carrying on its business, or for the purpose of attaining or furthering any of its objectives, to perform any and all acts which a corporation, copartnership, or natural person is authorized to perform under the laws now existing or which may be enacted hereafter.

#### CHAPTER IV CAPITALIZATION AND FINANCING

SEC. 7. *Capitalization*.—The Authority shall have an authorized capital of twenty million pesos which shall be fully subscribed by the Republic of the Philippines and shall be paid out as follows:

a) The sum of five million pesos, which is hereby appropriated out of any funds in the National Treasury not otherwise appropriated; and from proceeds of bond issues, loans and from any other sources of income of the National Government, upon effectivity of this Act.

b) The sum of three million pesos for every fiscal year thereafter for a period of five years, from the same sources mentioned in paragraph (a) hereof, which is hereby authorized to be appropriated and to be included in the General Appropriations Act. The authorized capital of twenty million pesos shall constitute a revolving fund for the purpose of financing its business transactions, except as herein provided for.

SEC. 8. *Operating Expenses*.—For the operating expenses of the Authority in fiscal year 1969-70, the sum of five hundred thousand pesos is hereby appropriated out of any general fund in the National Treasury not otherwise appropriated. For the succeeding fiscal years, the Board of Directors may appropriate out of the Authority's paid-in capital a sum not exceeding one million pesos during each fiscal year for operating expenses and a standing annual appropriation is hereby made out of any general fund in the National Treasury of such sum as may be necessary to reimburse the Authority of the total amount actually expended out of the said one million pesos for overhead expenses at the end of each fiscal year, which reimbursement shall accrue to the revolving fund. The unexpended balance of the appropriation for overhead expenses at the end of each fiscal year shall automatically revert to the said revolving fund and whatever earnings of the Authority, if any, shall also accrue to the revolving fund.

SEC. 9. *Power to issue bonds*.—Whenever the Board of Directors may deem it necessary for the Authority to incur an indebtedness or to issue bonds to carry out the provisions of this Act, it shall, by resolution, so declare and state the purpose for which the proposed debt is to be incurred. In order that such resolution be valid, it shall be passed by the affirmative vote of at least three members of such Board and approved by the President of the Philippines upon the recommendation of the Secretary of Finance, after consultation with the National Economic Council and the Monetary Board of the Central Bank.

SEC. 10. *Bond limits.*—The bonds issued under this provision shall in no case exceed the amount of ten million pesos: *Provided*, That no single issue shall exceed two million pesos and that no further issue shall be made if eighty per centum of the immediately preceding issue is not yet sold.

The bonds shall be issued in such amounts as will be needed at any one time, taking into account the rate at which said bonds may be absorbed by the buying public and the fund requirements of projects ready for execution, and considering further a proper balance between productive and non-productive projects so that inflation shall be held to the minimum.

SEC. 11. *Form, rates of interest, etc. of bonds.*—The Secretary of Finance, in consultation with the Monetary Board, shall prescribe the form, the rates of interest, the denominations, maturities, negotiability, convertibility, call and redemption features, and all other terms and conditions of issuance, placement, sale, servicing, redemption, and payment of all bonds issued under the authority of this Act.

The bonds issued by virtue of this Act may be made payable both as to principal and interest in Philippine currency or any readily convertible foreign currency. Said bonds shall be receivable as security in any transaction with the Government in which such a security is required.

SEC. 12. *Exemption from tax.*—The Authority shall be exempt from all taxes incidental to its operations: *Provided*, That its subsidiary corporations shall be subject to all said taxes five years after their establishment under a graduated scale as follows: twenty *per centum* of all said taxes during the sixth year, forty per centum of all said taxes during the seventh year, sixty per centum of all said taxes during the eighth year, eighty per centum of all said taxes during the ninth year, and one hundred per centum of all said taxes during the tenth year, after said establishment. Such exemption shall include any tax or fee which may be imposed by the government on the sale, purchase or transfer of foreign exchange. All notes, bonds and debentures and other obligations issued by the Authority shall be exempt from all taxes, both as to principal and interest, except inheritance and gift taxes.

SEC. 13. *Sinking fund.*—A sinking fund shall be established in such manner that the total annual contribution thereto, accrued at such rates of interest as may be determined by the Secretary of Finance in consultation with the Monetary Board, shall be sufficient to redeem at maturity the bonds issued under this Act. Said fund shall be under the custody of the Development Bank of the Philippines which shall invest the same in such manner as its Board of Governors may approve; charge all expenses of such investments to said sinking fund, and credit the same with the interest on investments and other income belonging to it.

SEC. 14. *Guarantee by the Government.*—The Republic of the Philippines hereby guarantees the payment by the Authority of both the principal and the interest of the bonds, debentures, collaterals, notes or such other obligations issued by the Authority by virtue of this Act, and shall pay such principal and interest in case the Authority fails to do so. In the event that the Authority shall be unable to pay the said principal and interest, the Secretary of Finance shall pay the amount thereof which is hereby appropriated out of any funds in the National Treasury not otherwise appropriated, and thereupon, to the extent of the amounts so paid, the Government