

[REPUBLIC ACT NO. 6042, August 04, 1969]

**AN ACT CREATING THE SULU DEVELOPMENT COMPANY,
PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES, AND
APPROPRIATING FUNDS THEREFOR, AND FOR OTHER
PURPOSES.**

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

SECTION 1. *Short Title.*— This Act shall be known as the "Sulu Development Act of 1969."

SEC. 2. *Declaration of Policy.*— It is hereby declared to be the policy of Congress to foster the accelerated and balanced development of the Province of Sulu, 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 to draw up the necessary plans for the development of the province; provide leadership in the setting up of pioneering or ground breaking industrial, agricultural and fishing enterprises; coordinate and integrate the diverse efforts of various public enterprises engaged in the development of the province, and whenever necessary, to undertake the activities essential to said development.

SEC. 3. *Sulu Development Company created.*— For the purpose of carrying out the declared policy in Section two hereof, there is hereby created a body corporate to be known as the "Sulu Development Company, (SUDECO)" for short and hereinafter known as the Company, which shall be organized within six months after the approval of this Act. The Company shall execute the powers and functions herein vested and conferred upon it in such manner as will, in its judgment, aid to the fullest extent possible in carrying out the aims and purposes herein set forth.

SEC. 4. *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. 5. *Location and Principal Office.*— The Company shall have a principal office at a convenient place within the Province of Sulu, but it may have branch offices in other places as are necessary for the proper conduct of the business. After the selection of the location of the principal office or in the event it later makes a change in such location, the Company shall publish notice of such selection or change in a newspaper of national and general circulation.

SEC. 6. *Purposes and Objectives.*— The Company shall have the following purposes

and objectives:

- a) To make a comprehensive and detailed survey of the physical, natural and human resources and potentialities of the archipelago, including its social conditions, values and institutions, and special ethnic and ideological problems, and on the basis thereof, to formulate an integrated, practical, feasible, workable and detailed plan and program within the context of the national plans and policies designed to hasten the agro-industrial and other development of the province. Such plan and program shall be submitted to the National Economic Council which shall act on them within ninety days from date of receipt thereof. If the National Economic Council fails to act on said plan and program within the period herein prescribed, the Company shall proceed to implement the same.
- b) To implement the approved plan and program of the National Economic Council for the economic and social development of the Sulu Archipelago.
- c) To set up the machinery to provide technical and advisory guidance and assistance to prospective and existing investors in the province.
- d) To make recommendations to the proper agencies as to the level of priority to be accorded government plans and projects in the area, and to agricultural, industrial and other projects soliciting or requiring direct help from or through the government or any of its instrumentalities.
- e) To pass upon all plans, programs and projects proposed by local government agencies within the province, public corporations and enterprises, where such plans, programs and projects are related to the development of the archipelago. The Company shall determine whether such plans, programs and projects need to be approved by it under this provision, and the decision of the Company shall be final: Provided, That in carrying out its authority under this section, the Company may require any responsible official of local governments or public corporation to submit project studies and related data of plans, programs and projects to the Company: Provided, further, That disputes involving jurisdiction between the Company and any government instrumentality arising out of the integration or coordination of projects, operation and activities shall be settled by the President of the Philippines.
- f) To engage in industry, agriculture, commerce, fishing or other activities within the archipelago which may be necessary or directly contributory to the social and economic development of the archipelago and, for this purpose, whether by itself or in cooperation with private persons or entities to organize, finance, invest in, extend loans to and operate subsidiary corporations: Provided, That the Company shall engage only, unless public interest requires otherwise, in those activities as are in the nature of new or pioneering ventures, or are clearly beyond the scope, capacity or interest of private enterprise due to considerations of geography, technical or capital requirements, return on investment, and risk.
- g) To plan or undertake the voluntary readjustment, relocation or resettlement of population within the archipelago whenever deemed necessary and beneficial to the development of the archipelago.
- h) To reclaim or undertake reclamation projects and/or acquire such

bodies of land from the sea or rivers or lakes as may be necessary for agro-industrial ventures, for ports or seaports or for settlement as will accomplish the aims and purposes of the Company.

i) To make reports annually to the President and to Congress regarding its operations, with emphasis on financial conditions, activities undertaken, progress of projects and programs, operation of commercially operating plants and plans of action for the incoming years, including in such report, a general survey and analysis of the changes noted in the socio-economic conditions and problems of the archipelago, and appropriate administrative and legislative recommendations.

SEC. 7. *Powers, Functions, etc.*— The Company shall have the following powers and functions;

- a) To succeed in its corporate name;
- b) To sue and be sued in its corporate name;
- c) To adopt, alter and use a corporate seal;
- d) To adopt, amend and repeal its by-laws;
- e) To enter into contracts of any kind and description;
- f) To acquire, lease or hold such real and personal property as it may deem necessary and convenient in the transaction of its business and may lease, mortgage, sell or alienate or otherwise dispose any such personal or real property held by it;
- g) To have the right of eminent domain whenever the Company deems it necessary and to acquire title to real estate by virtue thereof for the accomplishment of its purposes and objectives.
- h) To enter into or make contracts, agreements or stipulations of any kind and description necessary and convenient in the exercise of its powers and in the performance of its functions;
- i) To borrow funds from any local or foreign financial institutions to finance its projects and/or issue bonds: *Provided*, That in incurring indebtedness and floating bonds the same shall be approved by the President of the Philippines upon prior recommendations of the Secretary of Finance, the National Economic Council and the Monetary Board of the Central Bank of the Philippines: *Provided, further*, That the bonds issued under this provision shall not exceed ten million pesos, and no single issue shall exceed two and a half million pesos and that further issues shall not be made if less than eighty per cent of the immediately preceding issue has been sold; *Provided, further*, That the form, rates of interest, the denominations, maturities, negotiabilities, convertibility, call and redemption features and all other terms and conditions for their issuance, placement, sale, servicing and redemption shall bear the approval of the Secretary of Finance in consultation with the Monetary Board;
- j) For carrying out its business, or for the purposes of attaining or furthering any of its objectives, to perform any and all acts which a corporation, co-partnership or natural person is authorized to perform under the laws now existing or which may be enacted hereafter.

SEC. 8. *Guarantee by the Government.*— The Republic of the Philippines hereby guarantees the payment by the Company, of both the principal and interest of all loans, bonds, debentures, collaterals, notes or such other obligations issued by the Company by virtue of this Act, and shall pay such principal and interest in the event the Company fails to do so. In case the Company shall be unable to pay said principal and interest, the Secretary of Finance shall pay the amount thereof which is hereby appropriated, and there upon to the extent of the amount so paid, the Government of the Republic of the Philippines shall succeed to all the rights of the holders of such loans, bonds, debentures, collaterals, notes and other obligations, unless the sum so paid by the Republic of the Philippines shall be refunded by the Company.

SEC. 9. *Capitalization.*— The Company shall have an authorized capital of fifty million pesos which shall be fully subscribed and paid up by the Republic of the Philippines and authorized to be appropriated out of the general fund in the National Treasury not otherwise appropriated, and from the proceeds of the loans, bonds issues, and other sources of income of the National Government and included in the General Appropriations Act every year for a period of five years from the approval of the Act and shall be paid out according to the schedule as follows:

The sum of twenty million pesos upon approval of this Act;

The sum of ten million pesos for the succeeding fiscal year;

The sum of ten million pesos for the third year;

The sum of five million pesos for the fourth year;

The sum five million pesos for the fifth year;

The authorized capital of fifty million pesos shall constitute a revolving fund for financing the projects and other transactions and operations of the Company except as herein provided.

SEC. 10. *Operating Expenses.*— For operating expenses of the Company in fiscal year Nineteen hundred seventy to Nineteen hundred seventy-one, the sum of four hundred thousand pesos or so much thereof as may be necessary is hereby appropriated out of the proceeds from the sale at public auction by the Bureau of Customs of seized goods and/or articles smuggled or illegally imported into the Sulu Archipelago, said sum to be automatically programmed and released by the Budget Commission to the Company. Thereafter, the necessary amount for the Company's operating expenses shall be included in the General Appropriations Acts.

SEC. 11. *Exemption from tax.*— The Company shall be exempt from all taxes, licenses, fees and duties, whether national or local, incidental to all its operations: *Provided*, That its subsidiary corporations shall be subject to all general taxes, duties and fees five years after their establishment, under a graduated scale as follows: twenty *per centum* of all said taxes, fees and duties during the sixth year, forty *per centum* during the seventh year, sixty *per centum* during the eighth year, eighty *per centum* during the ninth year, and one hundred *per centum* during the tenth year,