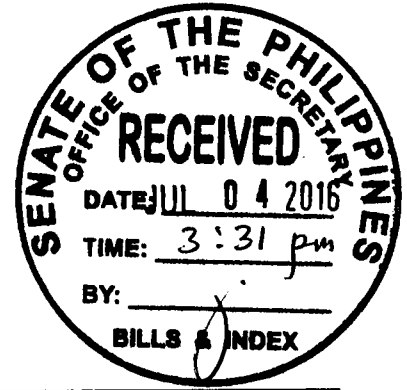


SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE
SENATE BILL No. 370

Introduced by **SENATOR LEILA M. DE LIMA**

**AN ACT
PROMOTING THE REHABILITATION AND REVITALIZATION OF THE
PHILIPPINE NATIONAL RAILWAYS, AMENDING FOR THE PURPOSE
REPUBLIC ACT NO. 4156, AS AMENDED, ENTITLED "AN ACT
CREATING THE PHILIPPINE NATIONAL RAILWAYS, PRESCRIBING
ITS POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FOR THE
NECESSARY FUNDS FOR ITS OPERATION"**

EXPLANATORY NOTE

In its early years, the Philippine National Railways (PNR), popularly referred to as the "*Bicol Express*", had proven to be the primary, reliable and steadfast means of land transportation from Manila to CALABARZON and the Bicol Region. It also paved the way for the economic development of these regions, delivering people, goods and services via its trains.

Formerly known as the Manila Railroad Company during the American period, the PNR was later institutionalized by virtue of Republic Act No. 4156. This law has undergone amendments, the most recent was Republic Act No. 10638 which extended the corporate life of PNR for another fifty (50) years.


But throughout the years, the PNR has fallen into disrepair and neglect. The government needs to address with urgency the continuous deterioration of the PNR.

This bill proposes the rehabilitation of the PNR through a joint venture with the private sector. With this laudable partnership, the maintenance and upkeep of the PNR trains can be undertaken expeditiously and efficiently.

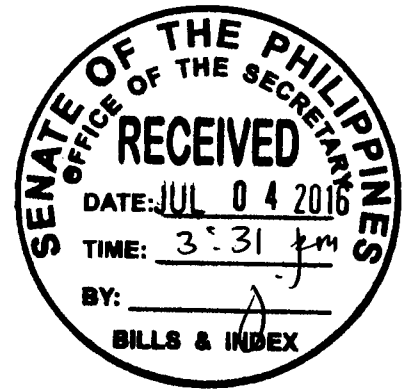
This bill was originally filed by Vice President Maria Leonor Robredo when she was the Representative of the 3rd District of Camarines Sur in the 16th Congress. Likewise, a related measure on the revitalization, rehabilitation and modernization of the PNR was filed in the Senate by Senator Joseph Victor Ejercito.

A vehicle toward economic progress, the PNR does not only serve as a railroad and transportation system. An indispensable element to infrastructure connectivity, its rehabilitation will impact not only the daily lives of Filipino commuters, but also the whole country.

In view thereof, approval of this measure is earnestly requested.


LEILA M. DE LIMA

SEVENTEENTH CONGRESS OF THE)
REPUBLIC OF THE PHILIPPINES)
First Regular Session)



SENATE

SENATE BILL NO. 370

Introduced by **SENATOR LEILA M. DE LIMA**

AN ACT
PROMOTING THE REHABILITATION AND REVITALIZATION OF THE
PHILIPPINE NATIONAL RAILWAYS, FURTHER AMENDING FOR THE
PURPOSE REPUBLIC ACT NO. 4156, AS AMENDED, OTHERWISE
KNOWN AS AN ACT CREATING THE PHILIPPINE NATIONAL
RAILWAYS, PRESCRIBING ITS POWERS, FUNCTIONS AND DUTIES,
AND PROVIDING FOR THE NECESSARY FUNDS FOR ITS OPERATION,
AND FOR OTHER PURPOSES

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

1 Section 1. Section 1 of Republic Act (RA) No. 4156, as amended, is hereby further
2 amended by inserting a second paragraph to read as follows:

3 "AS A DECLARED NATIONAL POLICY, THE PHILIPPINE
4 NATIONAL RAILWAYS (PNR), BEING A FACTOR FOR
5 SOCIO-ECONOMIC GROWTH AND STABILITY, SHALL (A)
6 REMAIN IN AND UNDER THE MAJORITY OWNERSHIP
7 OF GOVERNMENT WITH A SHARE OF AT THE LEAST
8 FIFTY ONE (51%) PERCENT DURING ITS CORPORATE
9 EXISTENCE TO ENSURE THE PRIMACY OF PUBLIC
10 INTEREST IN A NATIONWIDE RAILWAY SYSTEM; (B)

1 BECOME OPEN TO JOINT VENTURES WITH THE
2 PRIVATE SECTOR WITH PROVEN EXPERIENCE IN RAIL
3 OPERATIONS AND OTHER RELEVANT QUALIFICATIONS
4 UP TO A MAXIMUM SHARE OF FORTY NINE PERCENT
5 (49%) SUBJECT TO PUBLIC BIDDING AND APPLICABLE
6 LAWS IN ORDER TO BRING PRIVATE SECTOR
7 EFFICIENCY AND BUSINESS EXPERTISE INTO THE
8 ORGANIZATION; (C) BE ADMINISTERED WITH THE
9 VIEW OF MAXIMIZING THE VALUE OF ITS FRANCHISE
10 AND ASSETS IN ORDER TO SUPPORT ITS TRAIN SERVICE
11 AND OPERATIONS INCLUDING ENTERING INTO
12 COMMERCIAL AND OTHER BUSINESS VENTURES WITH
13 THE PRIVATE SECTOR, SUBJECT TO PUBLIC BIDDING,
14 PROCUREMENT, AND OTHER APPLICABLE LAWS.”

15
16 Sec. 2. Section 3 of RA No. 4156, as amended, is hereby further amended as to read
17 as follows:

18 *Section 3. Authorized capital stock of the Philippine National*
19 *Railways.* The authorized capital stock of the Philippine
20 National Railways shall be ONE HUNDRED BILLION PESOS
21 (100,000,000,000.00Php) [two hundred fifty million pesos]
22 divided into FIVE HUNDRED MILLION
23 (500,000,000.00Php) [one million two hundred fifty
24 thousand] COMMON SHARES ALL WITH par value AT
25 [shares of] two hundred pesos (P200.00) [each] , which shall

1 include the present capitalization of ONE BILLION FIVE
2 HUNDRED MILLION PESOS (1,500,000,000.00Php) [the
3 Manila Railroad Company] : Provided, That the increase in
4 the authorized capital shall be [fully] subscribed UP TO AT
5 LEAST FIFTY ONE PERCENT (51%) by the NATIONAL
6 Government AND OTHER GOVERNMENT INSTITUTIONS,
7 CORPORATIONS, INSTRUMENTALITIES, AND AGENCIES,
8 WHETHER NATIONAL OR LOCAL, WITHIN THE
9 FRAMEWORK OF THEIR RESPECTIVE CHARTERS, WITH
10 THE REMAINING FORTY NINE PERCENT (49%) TO BE
11 OPENED TO SUBSCRIPTION AND INVESTMENT BY THE
12 PRIVATE SECTOR IN ACCORDANCE WITH SECTION 1
13 ABOVE; Provided, further, That ALL the [existing long term]
14 obligations of the PNR [Manila Railroad Company] to the
15 NATIONAL Government [of the Philippines] AND ITS
16 INSTRUMENTALITIES, including, BUT NOT LIMITED TO,
17 THE BUREAU OF INTERNAL REVENUE (BIR) AND THE
18 GOVERNMENT SERVICE INSURANCE SYSTEM (GSIS), AS
19 OF THE DATE OF THE APPROVAL OF THIS ACT, AS
20 RECOMMENDED BY THE BOARD OF DIRECTORS [its
21 agencies or instrumentalities, in the amount of ninety-two
22 million six hundred thousand pesos shall be converted into
23 capital stocks] of the Philippine National Railways AND
24 DETERMINED AND AGREED UPON BY THE
25 DEPARTMENT OF TRANSPORTATION AND
26 COMMUNICATIONS (DOTC), SHALL BE CONVERTED

1 INTO CAPITAL STOCKS OF THE PNR and made a part of the
2 subscription: Provided[, still] further, That the [Philippine
3 National Railways shall, aside from its] authorized capital
4 CAN BE INCREASED FROM TIME TO TIME AS MAY BE
5 NEEDED, AS RECOMMENDED BY THE BOARD OF
6 DIRECTORS OF THE PNR AND DETERMINED AND
7 AGREED BY THE DOTC AND APPROVED BY THE
8 PRESIDENT OF THE REPUBLIC OF THE PHILIPPINES TO
9 BE PLACED ON BEHALF OF THE NATIONAL
10 GOVERNMENT UNDER THE NAME OF A GOVERNMENT
11 ENTITY, AS MAY BE LEGALLY PRACTICABLE, SUCH AS,
12 BUT NOT LIMITED TO, THE BUREAU OF TREASURY.
13 [stock of two hundred fifty million pesos, receive from the
14 Government of the Philippines the amounts allocated under
15 Republic Acts Numbered Eighteen hundred sixty-seven,
16 Sixteen hundred twenty-three and Eighteen hundred one, for
17 the construction of new railroad lines to the Cagayan Valley,
18 and to the Province of Sorsogon, and the rehabilitation of the
19 Cabanatuan line, respectively: And, provided, finally, That the
20 additional amount of one hundred twenty million pesos be set
21 aside, and the entire amount or so much thereof as may be
22 needed by the Philippine National Railway be made available
23 to the Philippine National Railway at least one year before the
24 completion of the Cagayan and/or Sorsogon construction
25 projects, for the purchase of motive power, rolling stocks and
26 other supplies for use in the new lines, it being specified that

1 fifty million of the authorized capital of the Philippine
2 National Railway shall be invested for the purchase of motive
3 power and rolling stock for the railway project in Mindanao
4 and five million pesos or so much thereof for the survey of
5 said railway project]

6
7 WHATEVER BALANCE REMAINING OF THE
8 AUTHORIZED CAPITAL OF THE PNR SHALL BE PAID
9 USING A CONTINUING ANNUAL APPROPRIATION OF
10 ANY FUND/S IN THE NATIONAL TREASURY, TO BE
11 PROGRAMMED AND RELEASED BY THE DEPARTMENT
12 OF BUDGET AND MANAGEMENT (DBM) IN
13 ACCORDANCE WITH THE SCHEDULE OF CASH
14 REQUIREMENTS TO BE PREPARED AND SUBMITTED BY
15 THE PNR ESPECIALLY INSOFAR AS CAPITAL
16 EXPENDITURES ARE CONCERNED, SUCH AS, BUT NOT
17 LIMITED TO, MAINTENANCE AND REHABILITATION OF
18 RAILWAYS, TO IMPROVE AND/OR INCREASE ITS TRACK
19 LINES; PROVIDED, THAT THIS CONTINUING ANNUAL
20 APPROPRIATION SHALL REMAIN IN FORCE UNTIL THE
21 AUTHORIZED CAPITAL STOCK SUBSCRIBED BY THE
22 NATIONAL GOVERNMENT SHALL HAVE BEEN PAID IN
23 FULL.”

1 Sec. 3. Section 12 of RA 4156, as amended, is hereby further amended to read as
2 follows:

3 Section 12. *Exemption from taxes, duties and port charges*
4 *OR DUES, CUSTOMS BONDS.* ALL REVENUES AND
5 ASSETS OF THE GOVERNMENT-OWNED SHARES OF
6 THE PNR USED DIRECTLY AND INDIRECTLY BY IT IN
7 RELATION TO ITS PRINCIPAL PURPOSE OF PROVIDING
8 A NATIONWIDE RAILROAD AND TRANSPORTATION
9 SYSTEM SHALL BE EXEMPTED FROM TAXES. THE PNR
10 SHALL ALSO BE EXEMPTED FROM ALL IMPORT
11 DUTIES ON ALL RAILWAY MATERIALS, ROLLING
12 STOCKS, SPARE PARTS, SUPPLIES AND EQUIPMENT
13 IMPORTED IN THE PHILIPPINES FOR AND/OR BY THE
14 PNR IN ORDER TO REDUCE THE COST OF
15 MAINTAINING AND IMPROVING TRAIN SERVICE AND
16 OPERATIONS FOR THE BENEFIT OF THE PUBLIC. [The
17 Corporation is hereby exempt from payment of all taxes of
18 every name and nature municipal, city, provincial, or
19 national upon its capital stock, franchises, rights of way,
20 earnings, and all other property owned or operated by it and
21 all duties on all railways materials, supplies and equipment
22 imported in the Philippines for and/or by the said
23 Corporation and this exemption shall extend to port charges
24 upon vessels whose entire cargo consist of materials for the
25 construction or equipment of the Corporation and to such

1 proportion of the prescribed port charges on other vessels as
2 the tonnage of materials for such constructions or
3 equipment may bear to the tonnage of the entire cargo of the
4 vessel.]

5
6 Sec. 4. Separability Clause. When any provision of this Act is declared invalid or
7 unconstitutional, the remaining provisions not affected thereby shall remain in full
8 force and effect.

9
10 Sec. 5. Repealing Clause. All laws, decrees, or rules inconsistent with the provisions
11 of this Act are hereby repealed or modified accordingly.

12
13 Sec. 6. Effectivity Clause. This Act shall take effect following its complete publication
14 in at least two (2) national newspapers of general circulation.

15
16 Approved,