



SENATE

13 JUL -8 P2 54

S. No. 625

RECEIVED BY: *Jai*

Introduced by Senator Ralph G. Recto

### Explanatory Note

The Philippine Development Plan 2011-2016 recognizes the need to interconnect our regions through good transport and communication networks. It gives higher priority to asset preservation or maintenance and rehabilitation of the existing transport infrastructure network rather than new construction or development particularly on the quality of the existing railroad tracks and services. This will open up new economic opportunities, reduce transportation and transaction costs of business and increase access to social services particularly the marginalized sectors. <sup>[1]</sup>

This bill allocates five percent (5%) of annual value-added tax (VAT) collections to reconstruct and rehabilitate the existing 479-kilometer stretch of Philippine National Railways (PNR) lines from San Fernando, La Union to Legazpi City, Albay.

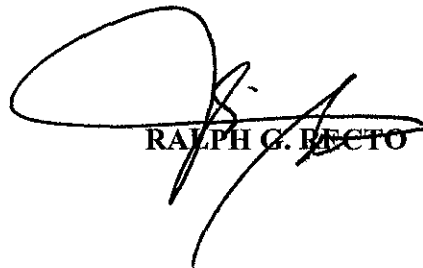
A review of the National Economic Development Authority (NEDA) Comprehensive Integrated Infrastructure Projects for 2009-2013 shows that only P 1.5 Billion is appropriated for the reopening of the line to Bicol. The interconnection of regions in Luzon which accounts for a GDP share of 12.6% <sup>[2]</sup> through a railway network from San Fernando, La Union to Legazpi City will decentralize progress and bring development to the countryside, a major thrust of the PDP.

At the same time, this bill is consistent with the administration's commitment to provide productive employment opportunities through sustainable infrastructure projects. The reconstruction and rehabilitation of this railway network will provide thousands of jobs to Filipinos who can provide hard labor to build, restore and rehabilitate roads, bridges and other structures.

Also, this project is a climate-change adaptation measure. It addresses certain environmental concerns, particularly, the mitigation of greenhouse effect which contributes significantly to global warming. Train, in all studies, has a lower greenhouse gas emission rate than any motorized modes of transportation which rely heavily on fossil fuel for their operation.

This bill further responds to a need for sustainable planning of infrastructure investments. A train moving passengers and goods from La Union to Bicol will accelerate trade and encourage migration in those areas. It will also meet one of our toughest development challenges and that is the decentralization of progress by decongesting our crowded cities and urban areas to provide our people in the frontiers better access to social services.

In this light, the immediate passage of this bill is earnestly sought.

  
RALPH G. RECTO

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<sup>1</sup> NEDA, "Philippine Development Plan 2011-2016, Chapter 5: Accelerating Infrastructure Development"  
<http://www.neda.gov.ph/PDP/2011-2016/CHAPTER%205.pdf>

<sup>2</sup> Department of Budget and Management, "Budget of Expenditures and Sources of Financing (Tables): Fiscal Year 2013" (Projected GDP for FY 2013 using low assumptions adopted by the Development Budget Coordination Committee on June 26, 2012)



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AN ACT  
TO RECONSTRUCT AND REHABILITATE THE EXISTING 479-KILOMETER  
PHILIPPINE NATIONAL RAILWAYS LINE FROM SAN FERNANDO, LA UNION TO  
LEGAZPI CITY, ALBAY, PROVIDING FUNDS FROM THE ANNUAL VALUE-ADDED  
TAX COLLECTIONS, AMENDING FOR THE PURPOSE THE NATIONAL INTERNAL  
REVENUE CODE OF 1997, AS AMENDED

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

1 SECTION 1. A new section, to be numbered two hundred eighty-seven (287), shall be added to  
2 Chapter II, Title XI of the National Internal Revenue Code, as amended to read as follows:

3 "SEC. 287. *DISPOSITION OF PROCEEDS OF VALUE-ADDED TAX.* - A.)  
4 TWO AND A HALF PERCENT (2.5%) OF THE VALUE-ADDED TAX COLLECTED  
5 UNDER TITLE IV OF THIS ACT, AS AMENDED, SHALL BE ALLOCATED TO  
6 RECONSTRUCT AND REHABILITATE THE EXISTING 479-KILOMETER  
7 PHILIPPINE NATIONAL RAILWAYS LINE FROM SAN FERNANDO, LA UNION  
8 TO LEGAZPI CITY, ALBAY;

9 B.) TWO AND A HALF PERCENT (2.5%) OF THE VALUE-ADDED TAX  
10 COLLECTED UNDER TITLE IV OF THIS ACT, AS AMENDED, SHALL BE  
11 ALLOCATED FOR THE ACQUISITION OF ROAD RIGHT OF WAY NEEDED TO  
12 IMPLEMENT THE PROJECT MENTIONED IN THE PRECEDING PARAGRAPH.

13 THE ALLOCATION SHALL BE ADMINISTERED BY THE DEPARTMENT OF  
14 TRANSPORTATION AND COMMUNICATION (DOTC), THROUGH ITS ATTACHED  
15 AGENCY PHILIPPINE NATIONAL RAILWAY (PNR).

16 SEC. 2. The succeeding Sections of the National Internal Revenue Code, as amended are hereby  
17 renumbered accordingly.

18 SEC. 3. *Implementing Rules and Regulations.* - The Department of Budget and Management,  
19 Bureau of Internal Revenue, DOTC and PNR shall within thirty (30) days from the effectivity of this  
20 Act issue the necessary rules and regulation for its effective implementation.

21 SEC. 4. *Repealing Clause.* - All laws, decrees, executive orders, rules and regulations, or parts  
22 thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

23 SEC. 5. *Effectivity.* - This Act shall take effect fifteen (15) days after its publication either in the  
24 Official Gazette or in at least two (2) newspapers of general circulation.

Approved,