

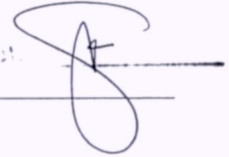
SENATE

S. No. 1007

'19 SEP -4 P12:35

Introduced by Senator Ralph G. Recto

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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

EXPLANATORY NOTE

The Philippine government 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.¹

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.

The interconnection of regions in Luzon through a railway network from San Fernando, La Union to Legazpi City, Albay will decentralize progress and bring development to the countryside. At the same time, this bill will provide productive employment opportunities through sustainable infrastructure projects. The reconstruction and rehabilitation of this railway network will provide thousands of jobs

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

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. 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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**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 House of Representatives of the Philippines in
Congress assembled:*

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

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

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

16 **THE ALLOCATION SHALL BE ADMINISTERED BY THE**
17 **DEPARTMENT OF TRANSPORTATION (DOTr), THROUGH ITS**
18 **ATTACHED AGENCY PHILIPPINE NATIONAL RAILWAYS (PNR)."**

1 Sec. 2. The succeeding Sections of the National Internal Revenue Code, as
2 amended are hereby renumbered accordingly.

3 Sec. 3. *Implementing Rules and Regulations.* – The Department of Budget and
4 Management, in coordination with the Department of Finance, Bureau of Internal
5 Revenue, DOTr and PNR shall, within thirty (30) days from the effectivity of this Act,
6 promulgate the rules and regulations to effectively implement the provisions of this Act.

7 Sec. 4. *Repealing Clause.* – Any law, presidential decree or issuance, executive
8 order, letter of instruction, rule or regulation inconsistent with the provisions of this Act
9 is hereby repealed or modified accordingly.

10 Sec. 5. *Effectivity.* – This Act shall take effect after fifteen (15) days following its
11 complete publication in the *Official Gazette* or in at least two (2) newspapers of general
12 circulation.

 Approved,