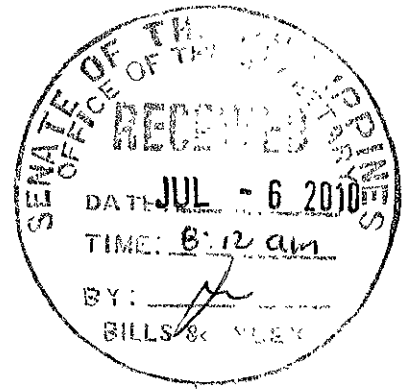


FIFTEENTH CONGRESS OF THE REPUBLIC
OF THE PHILIPPINES
First Regular Session



SENATE

S. B. No. 155

Introduced by Senator Ralph G. Recto

Explanatory Note

The Medium Term Philippine Development Plan (MTPDP) recognizes the need to interconnect our regions through good transport and communication networks. This will open up new economic opportunities, reduce transportation and transaction costs of business and increase access to social services.

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 the largest GDP share of more than 30% 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 MTPDP.

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

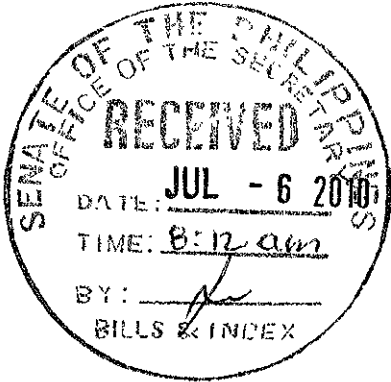
Also, this project is a climate-change adaptation measure. It addresses certain environmental concerns, particularly, the mitigation of greenhouse effect which contributes significantly to global warming. Train, in all studies, has a lower greenhouse gas emission rate than any motorized modes of transportation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

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



SENATE

S. BILL NO. 155

Introduced by Senator Ralph G. Recto

AN ACT
ALLOCATING FIVE PERCENT (5%) OF ANNUAL VALUE-ADDED TAX
COLLECTIONS TO RECONSTRUCT AND REHABILITATE THE EXISTING 479-
KILOMETER PHILIPPINE NATIONAL RAILWAYS LINE FROM SAN FERNANDO,
LA UNION TO LEGAZPI CITY, ALBAY 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, shall be added to
2 Chapter II, Title XI of the National Internal Revenue Code, as amended to read as follows:

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

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

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

19 AT NO TIME SHALL ANY PORTION OF THE EARMARKED FUNDS BE USED TO
20 AUGMENT PERSONAL SERVICES AND MAINTENANCE AND OTHER OPERATING
21 EXPENSES.

22

1 SEC. 2. The succeeding Sections of the National Internal Revenue Code are hereby
2 renumbered accordingly.

3
4 *SEC. 3. Coverage of this Act.* - The allocation of value-added tax revenues shall
5 commence in the fiscal year within which this Act shall take effect.

6
7 *SEC. 4. Separability Clause.* - If any part or provision of this Act shall be held to be
8 unconstitutional or invalid, other parts or provisions hereof which are not affected thereby shall
9 continue to be in full force and effect.

10
11 *SEC. 5. Repealing Clause.* - All laws, decrees, executive orders, rules and regulations, or
12 parts thereof which are inconsistent with this Act are hereby repealed, amended or modified
13 accordingly.

14
15 *SEC. 6. Effectivity.* - This Act shall take effect upon its approval.

16
Approved,