

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
First Regular Session

House Bill No. 250

HOUSE OF REPRESENTATIVES
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REGISTRATION UNIT BILLS AND INDEX SERVICE

Introduced by Representative Gabriel H. Bordado, Jr.

EXPLANATORY NOTE

As stated by former Representative and now Vice President Maria Leonor G. Robredo when she first filed this bill in the 16th Congress, “the first rail tracks in the Philippines were laid in 1891. The tracks trailed from Manila to Dagupan and were extended to more places in central and northern Luzon. On September 13, 1931, the first train to Bicol was put into operation. From then, our trains served as bridge in bringing central government services to Bicol’s grassroots. Known presently as the Bicol Express, the Philippine National Railways’ (PNR) Bicol-bound trains have been vital in the Region’s economic growth and development.”

In an essay written by the undersigned and published by a national periodical, he noted, however, that the Bicol Express alternately underwent periods of rehabilitation, neglect, and decay--a vicious cycle entailing wastage of billions of pesos in public funds. This bill intends to stop the cycle by upgrading and not merely rehabilitating the PNR. As it stands, all developed countries of the world have effective and efficient railway systems.

The passage of this bill is, therefore, on track in sustaining the socio-economic growth and development of the country.



Gabriel H. Bordado, Jr.
Representative, Third District of Camarines Sur

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1 **“AN ACT AMENDING REPUBLIC ACT NO. 4156, ENTITLED “ AN ACT**
2 **CREATING THE PHILIPPINE NATIONAL RAILWAYS, PRESCRIBING**
3 **ITS POWERS, FUNCTIONS AND DUTIES, AND PROVIDING FOR THE**
4 **NECESSARY FUNDS FOR ITS OPERATIONS,” AS AMENDED BY**
5 **REPUBLIC ACT NO. 6366 AND PRESIDENTIAL DECREE NO. 741”**
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7 Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:
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9 **Section 1. Section 1 of Republic Act 4156, as amended, is hereby amended as follows:**
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11 **Term Extension.** As a declared national policy, the Philippine National Railways, being a factor for
12 socio-economic development growth, shall (a) remain in and under the majority ownership of government
13 with a share of at least 51 percent during its corporate existence to ensure the primacy of the public interest
14 in a nationwide railway system; (b) become open to joint ventures with the private sector with proven
15 experience in rail operations and other relevant qualifications up to a maximum share of 49 percent subject
16 to public bidding and applicable laws in order to bring private sector efficiency and business expertise into
17 the organization; (c) be administered with the view of maximizing the value of its franchise and assets in
18 order to support its train service and operations including entering into commercial and other business
19 ventures with the private sector subject to public bidding and applicable laws procurement law; and its
20 corporate life is hereby extended for another 50 years.
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23 **Sec. 2. Section 3 of Republic Act 4156, as amended, is hereby amended as follows:**
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25 **Authorized Capital Stock of the Philippine National Railways.** The authorized capital stock of
26 the Philippine National Railway shall be One Hundred Billion Pesos (Php100,000,000,000.00) divided into
27 Five Hundred Million (500,000,000) common shares all with par value at Two Hundred Pesos (Php200.00),
28 which shall include the present authorized capitalization of One Billion Five Hundred Million Pesos
29 (Php1,500,000,000.00); *Provided*, the increase in the authorized capital shall be subscribed up to at least
30 51% by the National Government and other government institutions, corporations, instrumentalities, and
31 agencies, whether national or local, within the framework of their respective charters, with the remaining
32 49% to be opened to subscription and investment by the private sector in accordance with Section 1 above;
33 *Provided further*, that all the obligations of the Philippine National Railways to the National Government and
34 its instrumentalities, including, but not limited to, the Bureau of Internal Revenue and the Government
35 Service Insurance System, as of the date of the approval of this Act, as recommended by the Board of
36 Directors of the Philippine National Railways and determined and agreed upon by the Department of
37 Transportation and Communications, shall be converted into capital stocks of the Philippine National
38 Railways and made part of the subscription; *Provided further*, that the authorized capital can be increased
39 from time to time as may be needed, as recommended by the Board of Directors of the Philippine National

1 Railways and determined and agreed upon by the Department of Transportation and Communications and
2 approved by the President of the Republic of the Philippines, to be placed on behalf of the National
3 Government under the name of a government entity, as may be legally practicable, such as, but not limited
4 to, the Bureau of Treasury.

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6 Whenever balance remaining of the authorized capital of the Philippine National Railways shall be paid
7 using a continuing annual appropriation of any funds in the National Treasury, to be programmed and
8 released by the Department of Budget and Management in accordance with the schedule of cash
9 requirements to be prepared and submitted by the Philippine National Railways specially insofar as capital
10 expenditures are concerned, such as, but not limited to, maintenance and rehabilitation of railways, to
11 improve and/or increase its track lines; *Provided*, that this continuing annual appropriation shall remain in
12 force until the authorized capital stock subscribed by the Government shall have been paid in full.

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15 **Sec. 3.** Section 12 of Republic Act 4156, as amended, is hereby amended as follows:

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17 **Exemption from taxes, duties and port charges or dues, customs bonds and port charges.** All
18 revenues and assets of the government-owned shares of the Philippine National Railways used directly and
19 indirectly by it in relation to its principal purpose of providing a nation-wide railroad and transportation
20 system shall be exempt from all import duties on all railway materials, rolling stocks, spare parts, supplies
21 and equipment imported in the Philippines for and/or by the Philippine National Railways in order to reduce
22 the cost of maintaining and improving train service and operations for the benefit of the public.

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25 **Sec. 4.** Separability Clause. – If any provision of this Act or application thereof to any person or
26 circumstance is held to be void, or unconstitutional, any other provision not affected thereby shall remain in
27 full force and effect.

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30 **Sec. 5.** Repealing Clause. All laws or parts thereof, which are inconsistent with the provisions of this Act
31 are hereby repealed or modified accordingly, except Republic Act 10149, otherwise known as the "GOCC
32 Governance Act of 2011."

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35 **Sec. 6.** Effectivity. This Act shall take effect upon approval.

Approved.