

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4205



Introduced by: HON. AUGUSTO H. BACULIO

EXPLANATORY NOTE

The Philippines has now entered into a global race for social and economic competitiveness under enormous pressure of population increase and urban development.

As a result of this global competition for social service and economic sufficiency, the burgeoning movement of goods and people has to be facilitated at a faster pace in time and space. And the best mode of achieving the desired goal is through the establishment of a rail-based mass transport system, which invariably requires the acquisition of land and right-of-way, and the construction thereon of rail tracks, depot and maintenance yard, stations and terminals, and other similar structures.

It is generally acknowledged, however, that rail operations throughout the world could hardly be sustained without continued government support. Rail projects are considered non-lucrative because of the very high investment exposure it requires thereby necessitating a continued lending hand from the government as it does to all forms of roads and similar public infrastructures serving the Filipino people.

The bulk of the rail projects cost, by and large, pertains to the construction of the railroad, constituting more than 50% thereof, which should be considered an ordinary government infrastructure just like roads and bridges.

Considering the numerous economic benefits that the rail systems offer for the rapid development of the country, i.e. hastens the development of the country's resources, accelerates the modernization /commercialization of agriculture, enhances the development of industries, slows down rural-to-urban migration especially in crowded cities, and provides impetus to the raising of the people's living standards, it is but fitting and proper to exempt government railways from the payment of real property tax. Without the exemption, all rail systems in the country will have to stop operation and surrender their assets to the local government unit where the railroad tracks are laid, the depot, stations and similar structures are located.


HON. AUGUSTO H. BACULIO

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 4205

Introduced by: HON. AUGUSTO H. BACULIO

AN ACT

PROVIDING FOR THE EXEMPTION OF GOVERNMENT RAILWAYS FROM THE PAYMENT OF REAL PROPERTY TAX AMENDING FOR THE PURPOSE SECTION 234 OF REPUBLIC ACT 7160 OTHERWISE KNOWN AS THE LOCAL GOVERNMENT CODE OF 1991 AND FOR OTHER PURPOSES.

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

SECTION 1. Short Title. "This Act shall be known as the "Government Railways Real Property Tax Exemption Act."

SECTION 2. Definition of Terms. The following words and phrases when used in this Act shall have the meanings given to them in this section unless the context clearly indicates otherwise:

- (a) **"Depot"** refers to the place that provides facilities for the routine servicing and maintenance of locomotives and rolling stocks. Specifically, it has all the necessary facilities for fueling, cleaning and servicing as well as workshop facilities for carrying out routine repairs and component exchange. It includes locomotive stabling and train crew facilities;
- (b) **"Railroad"** is a permanent road having a line of rails fixed to ties or sleepers and laid on a roadbed and providing a track for the passage of rolling stock drawn by locomotives or propelled by self-contained motors;
- (c) **"Right-of-Way"** is the strip of land acquired by easement, condemnation, or purchase, over which a railroad lays its tracks;
- (d) **"Rolling Stock"** refers to the wheeled transportation equipment of a railroad which includes diesel multiple units (DMUs), locomotives, rail cars, passenger coaches, freight wagons, bogies and the like;
- (e) **"Signaling and Communications System"** may be broadly defined as the method and means by which a traffic movements are controlled and covers not only the working of signals and points but also block telegraphs, instruments and other associated equipment;

- (f) "Station" is an established building or place serving as a starting point, stage, stopping place, or post for the accommodation of passengers or freight on a railroad.

SECTION 3. Section 234 of Republic Act 7160 is hereby amended to read as follows:

"Sec. 234. Exemptions from Real Property Tax. - The following are exempted from payment of the real property tax:

- (a) X X X
- (b) X X X
- (c) X X X
- (d) X X X
- (e) X X X

- (f) All government owned and controlled railways which shall include, but not limited to the following machinery and equipment such as rail depot, railroad, right-of-way, rolling stock, signaling and communications system, stations and all lands, buildings and improvements directly and primarily used or necessarily related to rail transportation purposes, PROVIDED, That the exemption herein contemplated shall not apply to privately owned or operated rail projects and PROVIDED, FURTHER, That when government railways are transferred to private ownership, the exemption shall be deemed ipso facto revoked and real property tax shall apply to land, buildings and stations or any portion thereof being used for commercial purposes.

Except as provided herein, any exemption from payment of real property tax previously granted to, or presently enjoyed by, all persons, whether natural or juridical, including all government-owned or controlled corporations are hereby withdrawn upon the effectivity of this Code."

SECTION 4. Non-Privatized Assets. - Notwithstanding privatization, the ownership of the railroad and the right-of-way shall remain under the control of the government.

SECTION 5. Applicability. - "This Act shall apply retroactively to real property taxes due, unpaid and outstanding as of the date of the approval hereof. Taxes already paid to the local government unit are deemed waived and all claims thereto abandoned."

SECTION 6. Separability Clause. - If any provision of this Act is declared unconstitutional or invalid, other parts of provisions hereof not affected thereby shall continue to be in full force and effect.

SECTION 7. Effectivity. - This Act shall take effect immediately following its publication in at least two (2) newspapers of general circulation.

Approved,