

1 Republic of the Philippines
2 **HOUSE OF REPRESENTATIVES**
3 Quezon City, Metro Manila

4
5 **FIFTEENTH CONGRESS**
6 **First Regular Session**

7
8 House Bill No. 2624
9

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11 **Introduced by Rep. Herrnlando I. Mandanas**
12 **Second District, Batangas**
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16 **EXPLANATORY NOTE**
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18 This bill seeks to amend Presidential Decree (PD) No 1113 (*Granting the*
19 *Construction and Development Corporation of the Philippines (CDCP) a Franchise to*
20 *Operate, Construct and Maintain Toll Facilities in the North and South Luzon Toll*
21 *Expressways and for Other Purposes*), by requiring CDCP's successor entity, the
22 Philippine National Construction Corporation (PNCC) to turn over to the Government all
23 physical assets and facilities, including improvements thereon, together with equipment
24 and appurtenances directly related to the operations of the South Luzon Expressway,
25 without any cost or obligation to the Government
26

27 PD No 1112 created the Toll Regulatory Board (TRB), which was empowered to
28 (a) enter into contracts for the construction, operation and maintenance of toll facilities;
29 (b) issue, modify and promulgate rates of toll for use of toll facilities; and (c) grant
30 authority to operate a toll facility and issue the necessary Toll Operation Certificate. To
31 accomplish its purposes, TRB entered into a Toll Agreement with then CDCP, which
32 was granted a franchise to operate, construct and maintain toll facilities in the North and
33 South Luzon Expressways
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35 PD No. 1113 granted CDCP a franchise with a term of thirty (30) years or until 1
36 May 2007, covering the expressway from Balintawak to Carmen, Rosales, Pangasinan,
37 and from Nichols, Pasay City to Lucena City, Quezon, including the right to collect toll
38 fees at such rates as may be fixed and/or authorized by the TRB for the use of
39 expressways.
40

41 In consideration of the franchise, Section 2, PD No 1113 provided that CDCP
42 shall: (a) pay a scheduled annual concession fees to cover the expenditure of
43 government for the construction of the North and South Luzon Expressways; (b)
44 construct at its own expense expansions of the expressways from Angeles City to
45 Rosales, Pangasinan, and from Calamba, Laguna to Lucena City; (c) reimburse the
46 Government for the construction and improvements from Burol, Balagtas, Bulacan, to
47 Angeles City; and (4) turn over the toll facilities and all equipment related thereto to the
48 government upon expiration of the franchise period without cost or obligation on the part
49 of the later. Meanwhile, CDCP was taken over by various government financial
50 institutions in 1983 and renamed as PNCC, which assumed the franchise rights of
51 CDCP over the expressways.
52

53 TRB reported to the House of Representatives in various committee hearings
54 during the Fourteenth Congress that PNCC has failed regularly to pay the scheduled
55 annual concession fees agreed upon with TRB, now reaching a total of more than P2
56 billion. PNCC also failed to extend the NLEX and SLEX as obligated under the
57 franchise.

1 In the ensuing years, PNCC's franchise under PD Ncs. 1113 and 1864, expired
2 on 1 May 2007 without Congress renewing said franchise.
3

4 Section 9, PD No. 1113 provides that upon termination of the franchise period,
5 the physical assets and facilities including improvements thereon together with
6 equipment and appurtenances directly related to their operations of the North and South
7 Luzon Expressways, turned over to CDCP (now PNCC) by the Government, shall be
8 transferred to the latter. Since PNCCs franchise expired without renewal thereat by
9 Congress, it follows that PNCC is bound to restore said physical assets and facilities.

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11 Accordingly, this bill seeks to amend PD No 1113, by requiring PNCC to restore
12 to the Government the aforesaid physical assets and facilities.
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14 In view thereof approval of this bill is earnestly sought.
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HERMILANDO I. MANDANAS

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17 AN ACT AMENDING PRESIDENTIAL DECREE NO. 1113,
18 REQUIRING PHILIPPINE NATIONAL CONSTRUCTION CORPORATION
19 TO TURN OVER ALL PHYSICAL ASSETS AND FACILITIES,
20 INCLUDING IMPROVEMENTS THEREON,
21 DIRECTLY RELATED TO THE OPERATIONS
22 OF THE NORTH AND SOUTH LUZON EXPRESSWAYS
23 TO THE GOVERNMENT THROUGH THE TOLL REGULATORY BOARD,
24 AT NO COST TO THE GOVERNMENT
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26 Be it enacted by the House of Representatives and the Senate of the Philippines
27 in Congress assembled:
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29 SECTION 1. Section 9, Presidential Decree (PD) No 1113 is hereby amended to
30 read as follows
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32 "Section 9. [For the purposes of this franchise, the Government,
33 shall turn over to the GRANTEE not later than April 30, 1977 all physical
34 assets and facilities including all equipment and appurtenances directly
35 related to the operations of the North and South Toll Expressways:
36 Provided, That, the extensions of such Expressways shall also be turned
37 over to GRANTEE upon completion of their construction or of functional
38 sections thereof: Provided, However, That upon termination of the
39 franchise period, said] IN VIEW OF THE EXPIRATION OF ITS
40 FRANCHISE ON 1 MAY 2007, AND THE NON-EXTENSION OF SAID
41 TERM BY CONGRESS, THE PHILIPPINE NATIONAL CONSTRUCTION
42 CORPORATION (PNCC) SHALL TURN OVER TO THE GOVERNMENT,
43 THROUGH THE TOLL REGULATORY BOARD (TRB), NOT LATER
44 THAN SIX (6) MONTHS UPON ENACTMENT HEREOF, all physical
45 assets and facilities including improvements thereon, together with
46 equipment and appurtenances directly related to their operations, shall be
47 turned over to the Government without any cost or obligation on the part of
48 the latter.
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50 SEC. 2. All acts, decrees, orders, executive orders, instructions, rules and
51 regulations or parts thereof inconsistent with the provisions of this Act are repealed or
52 modified accordingly.
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54 SEC. 3. This Act shall take effect thirty (30) days after its approval and publication
55 in the Official Gazette or in two (2) newspapers of general circulation
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57 APPROVED.