

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

FIFTEENTH CONGRESS

First Regular Session

House Bill No. **3025**

Introduced by **Hon. Rodolfo G. Biazon**

EXPLANATORY NOTE

The development of alternative fuels and use of hybrid vehicles running on these fuels presents hope to the literally dimming world of mankind. Fossil fuels – buried under so many layers of earth and trash, perhaps because nature intended such polluting and potentially fatal matter to never be discovered and utilized – which have been choking our people and our children should now be used minimally or not at all.

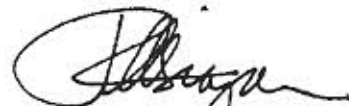
Many governments have already taken steps to reduce the levels of air pollution in their countries, with very encouraging results. Thailand, India, Korea, Malaysia, Australia, the United States, and many others have been, for years, enjoying the benefits of a less polluted air. It is about time that we, too, advanced the cause of our people over any other concern. The high incidence of pulmonary diseases especially among children living in Metro Manila, dark skies due to smog that seem to forecast doom, respiratory diseases that afflict an increasing number of Metro's residents – these are the symptoms of a progressively dying city. More than at any other time in our history as a nation, our government must now adopt policies and programs to arrest the deteriorating air quality in the country. This bill seeks to address this lack and provide incentives for the continuing adoption and promotion of the use and improvement of hybrid and alternative fuel vehicles.

The use of compressed natural gas (CNG), an alternative fuel, has been pioneered in the country some years back with the use of a few CNG passenger buses plying the Manila-Batangas route, under the Natural Gas Vehicle Program for Public Transport of the Department of Energy, and fueling and refueling thereof made possible through the Shell CNG stations, with fuel extracted from the Malampaya plant. The program, which accorded incentives to the companies who participated, will perhaps be the signal as to whether such program can really take off on a larger scale. We argue, however, that there is need for the government to take a very active role and push for the widespread use of this technology, regardless of the results given by a limited and, therefore, unrepresentative, and only experimental, sample. We argue, further, that it can even, if it wishes to, directly participate in this endeavor, as it has in the past, in many other less worthy, undertakings. The numerous government-owned and controlled corporations, those still existing and those abolished or privatized, attest to the ability and power of the government to pioneer in, or otherwise influence, the market.

The technology for the use of alternative fuel vehicles is becoming widely available worldwide, such that the hitherto high costs, especially in the initial stage of acquisition, can be expected to go further down in the not too distant future and become more affordable to our bus operators and perhaps, eventually, to our individual car owners.

Despite the passage of Republic Act No. 8749, otherwise known as the Clean Air Act, in 1999, implementation of and compliance to the provisions therein remain wanting. Meanwhile, the serious threats to our nation's health remain unabated, like a bomb waiting to explode, much like the fiscal crisis that has hit our country – its symptoms were already manifest long before our government acknowledged it.

For the reasons cited above, the prioritization and early passage of this bill is earnestly requested.



RODOLFO G. BIAZON

Representative
Lone District, Muntinlupa City

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AN ACT

TO PROMOTE THE MANUFACTURE, IMPORTATION, SALE, DISTRIBUTION, USE AND DEVELOPMENT OF HYBRID AND ALTERNATIVE FUEL VEHICLES BY GRANTING TAX EXEMPTIONS AND PROVIDING INCENTIVES THEREFOR, AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* – This Act shall be known as the Alternative Fuel Vehicles Act of 2010.

Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to promote the manufacture, importation, sale, distribution, use and development of hybrid or alternative fuel vehicles in furtherance of the objectives of Republic Act No. 8749 or the Clean Air Act, to help achieve better quality of air through the reduction of air pollutants produced by the present crop of vehicles now plying our roads, and the subsequent reduction of such vehicles in the long term.

Sec. 3. *Definition of Terms.* – As used in this Act:

- a) Hybrid vehicles – refer to vehicles with engines that can run on a combination of any of the following fuel types: gas, electricity, LPG, natural gas, and other environment-friendly and alternative fuel types;
- b) Hybrid engines – refer to engines that can run on a combination of any of the following fuel types: gas, electricity, propane (LPG), natural gas, and other environment-friendly and alternative fuel types;
- c) Motorists – refer to vehicle owners;
- d) Alternative energy sources – refer to energy sources other than petroleum or fossil fuel;

- e) Alternative fuels – refer to fuels other than traditional or petroleum-based fuels, such as electricity, biodiesel, natural gas, ethanol, hydrogen, methanol, propane (LPG), etc.; and
- f) Fueling/refueling stations – refer to places where hybrid or alternative fuel vehicles may obtain fuel or be refueled.

Sec. 4. *Tax and Non-Tax Exemptions and Incentives.* – For ten (10) years from the effectivity of this Act, the following tax and non-tax incentives shall be enjoyed:

- a) The manufacture, importation, sale, and distribution of hybrid or alternative fuel vehicles shall be exempt from the payment of import duties, excise, value-added, and income taxes arising from such activities;
- b) Motorists who trade their old vehicles for hybrid or alternative fuel vehicles shall be exempt from payment of motor vehicle users charge for the hybrid vehicle therein purchased;
- c) Motorists who convert their vehicles into hybrid or alternative fuel vehicles shall be exempt from payment of motor vehicle users charge;
- d) The manufacture of hybrid or alternative fuel engines for tricycles or other forms of public conveyance shall be exempt from payment of taxes for income derived from the sale thereof;
- e) The development of hybrid or alternative fuel vehicles for public conveyance shall enjoy exemption from value-added, and import taxes and duties on inputs, and from payment of income tax due on sale thereof;
- f) Hybrid or alternative fuel vehicles using the expressways shall be exempt from payment of toll fees;
- g) Fueling/refueling stations for hybrid or alternative fuel vehicles shall enjoy exemption from the payment of income tax;
- h) Transport of hybrid or alternative fuel vehicles on sea vessels shall enjoy a fifty per cent (50%) discount on such fees;
- i) Hybrid or alternative fuel vehicles shall enjoy fifty per cent (50%) discount on parking fees in any and all establishments;
- j) Public conveyances using hybrid or alternative fuel technologies shall enjoy exemption from income tax; and
- k) The local government unit where alternative energy sources are discovered and/or extracted shall enjoy additional incentives from the government.

Sec. 5. *Alternative Fuel Vehicle Program Trust Fund.* – The Alternative Fuel Vehicle Program Trust Fund is hereby created to:

- a) Finance the local research, development, and promotion of the widespread use of hybrid or alternative fuel vehicles; and
- b) Conduct such other activities to carry out the provisions of this Act.

An initial seed fund in the amount of fifty million pesos (P50,000,000.00) shall be established for the said purpose. The Departments of Energy (DOE), and of Science and Technology (DOST), shall manage and administer twenty-five million pesos (P25,000,000.00) each from such fund, subject to existing government accounting and auditing procedures.

The DOE and the DOST are hereby authorized to manage and disburse said funds to be used as grants, study grants, loans, equity investments, loan guarantees, and insurance or to access other local international funds pursuant to the provisions of this Act.

Sec. 6. Information Dissemination and Education. – The Departments of Energy (DOE), of Trade and Industry (DTI), of Transportation and Communications (DOTC), and of Science and Technology (DOST) are hereby mandated to conduct their respective outreach programs to disseminate information concerning the promotion of the manufacture, sale, distribution, use and development of hybrid or alternative fuel vehicles.

Sec. 7. Oversight Function of Congress. – An oversight committee composed of the Committees on Energy, and Trade and Industry of the House of Representatives and the Senate are hereby given oversight functions concerning the implementation of this Act.

Sec. 8. Appropriations. – The amount necessary for the effective implementation of this Act shall be taken from the current fiscal year's appropriation of the DOE and the DOST. Thereafter, such sum as may be necessary for the implementation of this Act shall be included in the annual budget of the DOE and DOST under the General Appropriations Act.

Sec. 9. Penalty Clause. – The DOE, DOTC, and Department of Interior and Local Government (DILG), shall formulate and promulgate appropriate penalties to any willful violations of any provision of this Act. *Provided,* That if the violation is committed by a government official or employee, he/she shall, in addition to the promulgated penalties provided, be subject to disciplinary administrative proceedings and penalties.

Sec. 10. Separability Clause. – If any provision of this Act or the application of such provision to any person or circumstances is declared invalid or unconstitutional, the remainder of the Act shall remain in effect and subsisting.

Sec. 11. Implementing Rules and Regulations. – The DOE, the DOTC, the DILG, the DTI, the Department of Finance (DOF), the Department of Environment and Natural Resources (DENR), and the Department of Science and Technology (DOST) shall formulate the rules and regulations necessary for the effective implementation of this Act, within six months from its effectivity.

Sec. 12. Repealing Clause. – All other issuances, laws, decrees, orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Sec. 13. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,