

FIFTEENTH CONGRESS
REPUBLIC OF THE PHILIPPINES
First Regular Session

HOUSE OF REPRESENTATIVES

House Bill No. 5161



*Introduced by Representative Rufus B. Rodriguez and
Representative Maximo B. Rodriguez, Jr.*

EXPLANATORY NOTE

For the first half of 2011, oil companies in the Philippines have already increased gas and diesel prices by almost P10 per liter. And while there is some relief in the immediate future because of the decrease of the price oil in the world market, there is no guarantee that it will last.

As such, there is a need to look into and encourage alternative sources of energy and other technology that would lessen our dependence on oil. And one of these technologies available is the hybrid technology in motor vehicles. Test driving results show that a full tank of unleaded gasoline costing P1,800 for hybrid vehicles would travel the same distance as a full tank of diesel costing P3,000.

Currently, there are very few hybrid vehicles being sold in the country because of its very high price tag which is caused by the very high excise and other taxes imposed by the government. Figures from Toyota Motor Philippines, Inc., dealers of the Toyota Prius and the Lexus Hybrid Vehicles show that only about 100 hybrid vehicles were sold by their company since starting to offer said vehicles in the country. Hence there is a need to provide incentives for the manufacture, assembly, and importation of electric, hybrid and other alternative fuel vehicles.

Further, these hybrid vehicles would not only lessen our dependence on oil but also help protect our environment because of the lower amounts of pollution that they emit.

In view of the foregoing, immediate passage of this bill is earnestly requested.


RUFUS B. RODRIGUEZ


MAXIMO B. RODRIGUEZ, JR.

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AN ACT
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, AND
IMPORTATION OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL
VEHICLES, 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 "*Electric, Hybrid and Other Alternative Fuel Vehicles Incentives Act of 2011*".

SEC. 2. Declaration of Policy – It is the policy of the State to safeguard life and environment by encouraging the use of alternative sources of energy for vehicles intended for public and private use. To protect the well-being and promote the economic condition of the people as well as to promote energy independence and security in the midst of development and innovation in technology, the following are hereby declared:

- A) It is the policy of the State to protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony in nature. The State shall recognize and address the detrimental effects on the environment, safeguard the welfare, and protect the health of the people by improving air quality and by reducing the impact of greenhouse has effects emitted from man- made sources such as vehicles operating on fossil fuels.
- B) The State supports the need to promote the development of new technology to accelerate social progress and promote human development. The use of alternative sources of energy on vehicles intended for public and private use is encouraged to promote innovation.

energy efficiency, security and conservation, and to speed-up the deployment of cleaner technology.

- C) The State recognizes the indispensable role of the private sector, encourages private enterprise, and provides incentives to needed investments. To accelerate economic growth and generate employment, the state shall provide incentives to private enterprises and individuals engaged in the manufacture, assembly and importation of electric, hybrid and other alternative fuel vehicles.

SEC. 3. Definition of Terms – As used herein, the following shall mean:

- (a) Electric Vehicle shall refer to any vehicle that uses electric motors solely for propulsion;
- (b) Hybrid Vehicle (HV) shall refer to any vehicle that combines the technologies of using internal combustion engine (ICE) with a battery-powered electric motor to gain advantages of both propulsion systems;
- (c) Other Alternative Fuel Vehicle (AFV) shall refer to any vehicle using alternative sources of energy such as but not limited to: solar, wind, hydrogen fuel cell, compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied petroleum gas (LPG), other than conventional sources of energy like petroleum and gasoline for propulsion.
- (d) Manufacturer or Assembler shall mean any individual, partnership, corporation or other entity engaged in the manufacture, assembly of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws;
- (e) Importer shall mean any individual, partnership, corporation or other entity engaged in the importation of completely built units (CBUs) of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws.

SEC. 4. Coverage – This Act shall cover electric, hybrid and other alternative fuel vehicles but shall not include vehicles powered by gasoline, petroleum, bio-diesel and bio-ethanol.

SEC. 5. Incentives to Manufacturers or Assemblers – The provision of any special or general law to the contrary notwithstanding, the manufacture or assembly of completely knocked-down (CKD) parts of electric, hybrid and other alternative fuel vehicles, shall be exempt from the payment of excise taxes and duties for nine (9) years from the effectivity of this Act.

The imposition of the Value Added Tax (VAT) for the purchase and importation of raw materials, spare parts, components and capital equipment used

in the manufacture or assembly of electric, hybrid and other alternative fuel vehicles shall be suspended for the next nine (9) years from the effectivity of this Act.

SEC. 6. Incentives to Importers – The provision of any special or general law to the contrary notwithstanding, the importation of completely built units (CBUs) of electric, hybrid and other alternative fuel vehicles shall be exempt from the payment of excise taxes and duties for nine (9) years from the effectivity of this Act.

SEC. 7. Exemption from the Payment of Motor Vehicle User's Charge (MVUC) – Electric, hybrid and other alternative fuel vehicles shall be exempt from the payment of the Motor Vehicle User's Charge (MVUC) imposed by the Land Transportation Office (LTO) under Republic Act No. 8794, otherwise known as "Motor Vehicle User's Charge (MVUC) Act".

SEC. 8. Non-Fiscal Incentives –

1. **Priority in Registration and Issuance of Plate Number.** - Registration and renewal of registration of electric, hybrid and other alternative fuel vehicles shall be prioritized by the Land Transportation Office. A special type of vehicle plate to be prescribed by LTO shall be exclusively issued to all electric, hybrid and other alternative fuel vehicles upon registration.

2. **Priority in Franchise Application** – Public Utility Vehicle (PUV) operators exclusively utilizing electric, hybrid and other alternative fuel vehicles shall be granted priority by the Land Transportation Franchising and Regulatory Board (LTFRB) in the approval of applications for franchise to operate, including its renewal, for nine (9) years from the effectivity of this Act.

3. **Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number-Coding Scheme** – All electric, hybrid and other alternative fuel vehicles shall be exempted from the mandatory Unified Vehicular Volume Reduction Program (UVVRP) or Number-Coding Scheme being implemented by the Metro Manila Development Authority (MMDA) and other local government units (LGUs) concerned.

4. **Provision for Free Parking Spaces in New Establishments** – Business and commercial establishments to be constructed after the effectivity of this Act are mandated to provide exclusive parking spaces free of charge for all electric, hybrid and other alternative fuel vehicles. No building permit shall be issued for the construction of business and commercial establishments that include parking spaces unless the owner submits an affidavit that there shall be free parking spaces to be exclusively designated for electric, hybrid and other alternative fuel vehicles.

SEC. 9. Registration, Implementation and Monitoring – The Department of Finance (DOF) and Department of Trade and Industry (DTI) shall be responsible for the administration and implementation of the incentives granted under this Act.

Manufacturers, assemblers, converters and importers of electric, hybrid and other alternative fuel vehicles shall register with DOF in order to avail of the incentives provided under this Act. For proper monitoring, DOF and DTI shall meet regularly to monitor and review the implementation of the incentives provided herein.

SEC. 10. Implementing Rules and Regulations – The Department of Finance (DOF) in coordination with the Department of Trade and Industry (DTI) shall promulgate the necessary rules and regulations for the effective implementation of this Act.

SEC. 11. Separability Clause – If any provision of this Act is declared unconstitutional or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force and effect.

SEC. 12. Repealing Clause – All other laws, orders, issuances, circulars, rules and regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby repealed or modified accordingly.

SEC. 13. Effectivity Clause – The Act shall take effect after fifteen (15) days following its publication in at least two (2) newspapers of general circulation.

Approved,