

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SIXTEENTH CONGRESS
Second Regular Session

HOUSE BILL No. 6368



Introduced by **BAYAN MUNA**
Reps. NERI JAVIER COLMENARES and CARLOS ISAGANI T. ZARATE

**AN ACT REPEALING REPUBLIC ACT 8794 ABOLISHING THE MOTOR
VEHICLE USERS CHARGE, RECHANNELING THE SAID SPECIAL FUND FOR
REHABILITATION, MAINTENANCE AND FURTHER DEVELOPMENT OF
OUR RAILWAY SYSTEMS AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Republic Act No. 8794, otherwise Known as the Motor Vehicle User's Charge was enacted primarily to provide additional revenue to the national government for the maintenance of national and provincial roads. The road user's tax is the third largest source of tax revenue, after the Bureau of Internal Revenue and the Bureau of Customs. From 2001 to 2012, road user's tax collections amounted to some P90.7 Billion. Road User's Tax allocation in the national budget has never been itemized making the funds collected from car registration payments remains to be a lump-sum without being subjected to congressional scrutiny.

The monies collected through the MVUC are placed in four special trust accounts in the National Treasury and are distributed as follows: (a) Special Road Support Fund, 80%; (b) Special Road Safety Fund, 7.5%; (c) Special Vehicle Pollution Control Fund, 7.5%; and (d) Special Local Road Fund, 5%. Projects funded by the Special Road Support Fund, Special Local Road Fund and Special Road Safety Fund are under the responsibility of the Department of Public Works and Highways, meanwhile projects funded by the Special Vehicle Pollution Control Fund is under the responsibility of the Department of Transportation and Communication. The management and utilization of these special funds are being overseen by the Road Board, which is specifically mandated to ensure that the special funds are used solely for the purposes defined by RA 8794.

A remnant of the Martial Law era where the president has total control over state affairs, including public spending, the MVUC is now a form of a presidential pork barrel which does not have any congressional oversight. Since it was enacted, the MVUC has been only a burden to motorists, especially to those who operate public utility vehicles such as jeepneys, taxis and tricycles which further reduce their take home pay due to the rising costs of fuel, toll fees and the proliferation of corrupt traffic officials that continuously milk these helpless drivers and small-time operators. This has been also marred by countless irregularities as COA reported that the billions of pesos used by the Road Board have raised red flags as to the management of the said funds.

Currently Metro Manila suffers from heavy traffic everyday with the sheer volume of vehicles and a dilapidated railway system. PNR used to operate over 1,100 km (684 mi) of route from La Union up to Bicol. However, continued neglect in past decades reduced PNR's efficiency and railroad coverage. Aside from PNR which mainly operates in Luzon, there are two previous railway networks in Panay and Cebu which has ceased to operate decades ago. It is very interesting to note that all developed countries have a robust railway network that is very much essential in transporting goods and people and is a vital cog to their economic development. The government should reorient its mindset in transportation that it should be about moving people and goods and not just vehicles.

With the recent decisions of the Supreme Court such as in *Araullo vs. Aquino* (G.R. No. 209287) and *Belgica vs. Ochoa* (G.R. No. 208566) affirming the role of the legislature's power of the purse, it is high time for Congress to abolish the MVUC and other off-budget and special purpose funds.

Swift passage of this measure is earnestly sought.

Approved,


Rep. NERI J. COLMENARES
Bayan Muna Party-List


Rep. CARLOS ISAGANI T. ZARATE
Bayan Muna Party-List

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

SECTION 1. Declaration of Policy—Public funds must be effectively and efficiently allocated for the actual needs of the people. It must be subject to the collective deliberation and scrutiny of communities, local government units and Congress instead of being solely left to the discretion of a single public official.

SECTION 2. Abolition of the Road Users' Tax- Republic Act 8794 also known as AN ACT IMPOSING A MOTOR VEHICLE USER'S CHARGE ON OWNERS OF ALL TYPES OF MOTOR VEHICLES AND FOR OTHER PURPOSES is hereby repealed.

SECTION 3. – Transition of former Road Board employees - All employees of the former Road Board shall be absorbed by the Department of Public Works and Highways and other related agencies without diminution of its corresponding salary and other benefits

The former Road Board is hereby directed to submit an omnibus report accounting the total amount of the revenues collected and managed by the Board, including a detailed report of expenses and the outstanding balance of its funds.

SECTION 4. Transfer of Appropriations – All remaining funds in the trust account of the Motor Vehicles Users Fund shall be rechanneled to maintenance, rehabilitation and expansion of existing railways under the Department of Transportation and Communications (DOTC) and Philippine National Railways (PNR) without prejudice to on-going projects and obligations with its corresponding appropriation sourced from the said fund.

SECTION 5. Effectivity Clause - This Act shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,