

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

SEVENTEENTH CONGRESS
Second Regular Session

6376
HOUSE BILL NO. _____



Introduced by Rep. Winston "Winnie" Castelo

EXPLANATORY NOTE

Vehicles are the top contributor to air pollution in the Philippines. According to reports, vehicle emission is the leading factor that contributes 69% to the country's air pollution. More vehicles are sold yearly, with over 6,000 vehicles added on the road from 2012 to 2014.¹ On public health side, air pollution exposes Filipinos unnecessarily to health risks. The Department of Health has warned of a higher incidence of non-communicable diseases in Metro Manila which are attributable to air pollution, such as acute respiratory infections, chronic obstructive pulmonary diseases, cancer, and cardio-vascular diseases.

Electric, hybrid, and other alternative fuel vehicles help to lessen air pollution by reducing the impact of greenhouse gas effects emitted from man-made sources, such as vehicles operating on fossil fuels.

In line with the Philippines' commitment to reduce its carbon emissions by 70% by 2030, the the manufacture, assembly, conversion, importation, and use of electric, hybrid, and other alternative fuel vehicles should be promoted and supported by the government. Once properly implemented, it is the intention that it will effectively lower the risk of unhealthy effects of air pollution and counter worsening air quality.

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

A large, stylized signature in black ink, appearing to read "Winnie Castelo", is written over a large, faint circular outline. Below the signature, the name "WINNIE CASTELO" is printed in bold, capital letters.

¹ "Vehicles are the Top Contributor to the Air Pollution in the Philippines." Available at <https://www.untvweb.com/news/vehicles-top-contributor-air-pollution-philippines-denr/>

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"AN ACT PROMOTING THE MANUFACTURE, ASSEMBLY, CONVERSION, IMPORTATION, AND MAINSTREAM USE OF ELECTRIC, HYBRID, AND OTHER ALTERNATIVE FUEL VEHICLES, PROVIDING FUNDS THEREFOR, AND FOR OTHER PURPOSES."

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

SECTION 1. Short Title. - This Act shall be known as the "Promotion of Electric, Hybrid, and Other Alternative Fuel Vehicles Act."

SEC. 2. *Declaration of Policy.* - 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. It is also a State policy to accelerate social progress and promote human development.

The use of electric, hybrid, and other alternative fuel vehicles protect the well-being and the environment by improving air quality and reducing the impact of greenhouse gas effects emitted from man-made sources such as vehicles operating on fossil fuels. Further, it can promote the economy by promoting innovation, encouraging energy efficiency and development of cleaner technology.

SEC. 3. *Definition of Terms.*

- a) Electric Vehicle (EV) 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) Alternative Fuel Vehicles (AFV) shall refer to any vehicle using alternative fuel such as but not limited to: solar, wind, hydrogen fuel cell, compressed natural gas (CNG) or

liquefied natural gas (LNG), methane 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, and conversion of electric, hybrid, and other alternative fuel vehicles incorporated, organized and existing under Philippine laws; and
- 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. Fiscal Incentives. - For ten (10) years from effectivity of this Act, the following fiscal incentives shall be granted:

- a) Incentives to Manufacturers or Assemblers. - The provision of any special or general law to the contrary notwithstanding, the manufacture or assembly electric, hybrid, and other alternative fuel vehicles, including the conversion of vehicles into electric, hybrid, and other clean energy vehicles, shall be exempt from the payment of excise taxes and duties.

The imposition of 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 clean energy vehicles shall be suspended.

- b) 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 clean energy vehicles shall be exempt from payment of excise tax and duties.
- c) Incentives to Purchasers - The sale of electric, hybrid, or alternative fuel vehicles shall be exempt from the payment of Value Added Tax (VAT).
- d) 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)
- e) Electric, hybrid, and alternative fuel vehicles shall be exempt from payment of toll fees.
- f) Electric, hybrid, and alternative fuel vehicles shall enjoy fifty percent (50%) discount on parking fees in any and all establishments

SEC. 5. Non-Fiscal Incentives - The following non-fiscal incentives is granted to users of electric, hybrid, and other alternative fuel vehicles, for ten (10) years from the effectivity of this Act:

- a) 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 (LTO). A special type of vehicle plate to be prescribed by the LTO shall be exclusively issued to all electric, hybrid, and other alternative fuel vehicles upon registration;

- b) Priority in Franchise Application - Public Utility Vehicle (PUV) operators exclusively utilizing electric, hybrid, and other clean energy 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.
- c) Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number Coding Scheme. - All electric, hybrid, and other clean energy 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; and

SEC. 6. Implementation and Monitoring - The Department of Trade and Industry (DTI) shall be responsible for the administration and implementation of the non-fiscal incentives granted under this Act.

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

SEC. 7. Administrative Support. The Department of Trade and Industry shall provide overall administrative support to the Council by appropriating the corresponding budget needed for the effective implementation of this Act.

SEC. 8. Information Dissemination and Education. - The Department of Energy (DOE), Department of Trade and Industry (DTI), Department of Transportation and Communications (DOTC) and Department of Science and Technology (DOST)

SEC. 9. Implementing Rules and Regulations. The Department of Trade and Industry shall be promulgate the necessary rules and regulation for the implementation of this Act.

SEC. 10. *Appropriations.* - The amount necessary to carry out the provisions of this Act shall be included in the budget of concerned government agencies in the General Appropriations Act of the year following its enactment into law and thereafter.

SEC. 11. *Separability Clause.* - If any provision or section of this Act is held invalid or unconstitutional, the other provisions and sections not affected thereby shall remain in full force and effect.

SEC. 12. *Repealing Clause.* – All laws, presidential decrees, executive orders, or issuances, or any part thereof which are inconsistent with the provisions of this Act are hereby repealed, amended, or modified accordingly.

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

Approved,