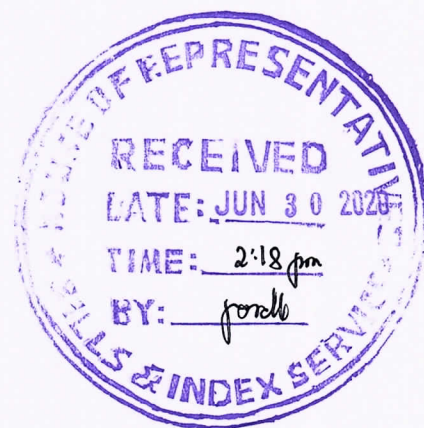


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

EIGHTEENTH CONGRESS
First Regular Session

HOUSE BILL NO. 7044



Introduced by REP. FAUSTINO 'INNO' A. DY V

EXPLANATORY NOTE

In the last five years, the Philippine construction industry surged in growth. According to one study¹, the industry expanded by 9.4% in real terms in 2019. This growth, the study adds, resulted from the State's investment in public infrastructure under the *Build, Build, Build* (BBB) Program. Under this program, the State aims to build 75 flagship projects to strengthen our national infrastructure. Last year, the State added 25 more projects to the program, meaning the State now aims to construct 100 flagship projects. From this, researchers forecast the steady and continued growth of the Philippine construction industry.²

But as our construction industry grows, so too shall the volume of waste it produces. In one study, scientists computed that construction waste amounts to 30% of solid waste produced by a country.³ In another study, scientists measured that up to 10% of the weight of materials purchased for construction projects end up as waste.⁴ The same study revealed that between 50% to 80% of this waste could be recycled — but it is not.⁵

The numbers speak for themselves: waste from construction and demolition is a wasteful problem. It is wasteful because readily-recycled materials are thrown away — materials such as paper, plastic, lumber, asphalt, concrete, and stone. It is a problem because the volume of this waste will only grow as the construction industry continues to grow. More waste means more trash dumped, more trees felled, more mountains quarried, and more taxpayers' money squandered. Moreover, the problem will only worsen if the State fails to act now and do something about it. Hence, this measure.

¹ GlobalData (2020). *Construction in the Philippines - Key Trends and Opportunities to 2024*. Global Information, Inc. <https://www.giiresearch.com/report/time237680-construction-philippines-key-trends-opportunities.html>.

² *Id.*

³ Ferguson, et al (1995). *Managing and Minimizing Construction Waste: A Practical Guide*. Institute of Civil Engineers, London.

⁴ Kofoworola, et al (2008). *Estimation of Construction Waste Generation and management in Thailand*. King Mongkut's University of Technology. <https://www.sciencedirect.com/science/article/pii/S0956053X08002341>

⁵ *Id.*

This bill aims to reduce waste from construction and demolition by granting the following economic incentives:

First. Exempting from import taxes equipment used for recycling construction and demolition waste;

Second. Allowing tax credits on the purchase of said equipment in the Philippines;

Third. Exempting from taxes all donations to people and entities recycling construction and demolition waste;

Fourth. Directing government-owned banks to help finance businesses recycling said waste; and

Lastly. Giving financial grants to local governments with DENR-approved programs for recycling said waste.

The purpose of this bill is in line with the mandate of the Constitution to protect and advance the right of every Filipino — whether living or yet to be born — to a balanced and healthful ecology.

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



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AN ACT
PROMOTING THE RECYCLING OF CONSTRUCTION AND DEMOLITION
WASTES AS COMPONENTS IN BUILDING MATERIALS AND PROVIDING
INCENTIVES TO ALL INDIVIDUALS AND ENTITIES ENGAGED THEREIN

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

SECTION 1. *Short Title.* – This Act shall be known as the “*Recycled Construction Materials Act.*”

SECTION 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 of nature. Towards this end, the State adopts measures to provide economic incentives and assistance for individuals and entities to develop and establish facilities that recycle construction and demolition wastes as components of building or construction materials.

SECTION 3. *Scope.* – This Act covers all individuals and entities, duly registered with the Department of Environment and Natural Resources (DENR), that are engaged in the recycling of construction and demolition wastes from buildings and other infrastructures.

For purposes of this Act, the term *construction and demolition waste* refers to materials from the operation of worksite construction, repair, accretion, expansion or renovation activities, or construction of buildings and civil infrastructures which consist of concrete, wood, plastic, paper, ceramics, bricks, tiles, plaster, and other similar materials.

SECTION 4. *Incentives for Recycling of Construction Materials.* – Any individual or entity who engages in the recycling of construction and demolition wastes for use in building and structural applications is entitled to the following incentives consistent with the

provisions of Republic Act No. 9003, otherwise known as the "*Ecological Solid Waste Management Act of 2000*:"

- a) *Tax and duty-free exemption on imported capital equipment and machinery.* – Within the first ten (10) years upon issuance of a certification to operate a recycling business, individuals or entities shall enjoy tax and duty-free importation of machinery, equipment, materials, and spare parts used exclusively, directly and actually needed in the recycling facilities for transformation into recycled materials for use in construction: *Provided,* That the importation of such machinery, equipment, materials, and spare parts are subject to the following conditions:
 - 1. They are not manufactured domestically in sufficient quantity, of comparable quality, and at reasonable prices.
 - 2. Prior approval of the Board of Investments of the Department of Trade and Industry for the importation of such machinery, equipment, materials, and spare parts.
- b) *Tax credit on domestic capital equipment.* – A tax credit equivalent to fifty percent (50%) of the value of the national internal revenue taxes and customs duties that would have been waived on the machinery, equipment, materials, and spare parts, had these items been imported, shall be given to a recycling plant or construction company owner, subject to the same conditions and prohibition cited in the preceding paragraph.
- c) *Tax and duty exemption of donations, legacies, and gifts.* – All legacies, gifts, and donations to individuals or entities for the support and maintenance of the program for effective recycling of construction and demolition wastes shall be exempt from all internal revenue taxes and customs duties, and shall be deductible in full from the gross income of the donor for income tax purposes.
- d) *Financial assistance program.* – Government financial institutions such as the Development Bank of the Philippines, Land Bank of the Philippines, and other government institutions providing financial services shall, in accordance with and to the extent allowed by the enabling provisions of their respective charters or applicable laws, accord high priority in extending financial services to business enterprises or private entities engaged in the use of recycled components in construction materials.
- e) *Extension of grants to local government units.* – Provinces, cities and municipalities, whose recycled construction materials programs have been duly approved by the DENR or have been commended by the DENR for adopting innovative recycling activities, are entitled to receive grants for the purpose of developing their technical capacities toward actively participating in the program for effective and sustainable recycling of construction materials.

SECTION 5. *Registration and Certification of Recycling Entities.* – Individuals and entities engaged in recycling activities shall register with the DENR through the Environmental Management Bureau. Upon registration, a certification shall be issued to each individual or entity to serve as the basis of their entitlement to incentives provided under this Act.

SECTION 6. *Implementing Rules and Regulations.* – Within ninety (90) days from the effectivity of this Act, the Secretary of Environment and Natural Resources shall, in

coordination with the Secretary of the Interior and Local Government, formulate the necessary rules and regulations to implement the provisions of this Act.

SECTION 7. *Repealing Clause.* – All laws, presidential decrees, executive orders, and rules and regulations inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 8. *Effectivity.* – This Act shall take effect fifteen (15) days after its publication in the *Official Gazette* or in a newspaper of general circulation.

Approved,