

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City**

**EIGHTEENTH CONGRESS
First Regular Session**

**8979
HOUSE BILL NO. _____**



Introduced by Honorable Wes Gatchalian

**AN ACT
EARKMARKING A PORTION OF THE MOTOR VEHICLES USER'S
CHARGE FOR THE ESTABLISHMENT, OPERATION AND MAINTENANCE
OF VEHICLES INSPECTION CENTERS IN THE COUNTRY, AMENDING
FOR THE PURPOSE SECTION 7 OF REPUBLIC ACT NO. 8794, AS
AMENDED BY REPUBLIC ACT. NO. 11239.**

Explanatory Note

On March 19, 2019, the Department of Transportation (DOTR) and the Land Transportation Office (LTO) issued Memorandum Circular No. 2019-002 or the "Revised Order on Privatizing the Motor Vehicle Inspection Centers (MVICs) Through Authorization" mandating the establishment of the Motor Vehicle Inspection System (MVIS) through the Private Motor Vehicle Inspection Centers (PMVIC). Pursuant to the aforementioned circular, these PMVICs will conduct the roadworthiness inspection of all private vehicles as a requisite for the renewal of their registration for a fee.

In December 2020, the LTO began the operationalization of these PMVICs through the grant of Authorization Certificate to Operate (ACTO) to applicants that met their requirements. As of date only 24 out of the originally identified 138 PMVIC sites were granted with ACTO. The piece-meal operationalization of the new Motor Vehicle Inspection System is violative of the equal protection clause of the Constitution as it imposes undue requirement on motor vehicle owners residing in areas where a PMVIC is already operational, while such obligation is absent for those living in areas where a PMVIC has not yet been granted with an ACTO.

There are also allegations of inconsistencies and anomalies in the conduct of vehicle inspection in these PMVICs, to include the following: A 2011 BMW Z4 failed in its test for weak brakes but a reinspection in a BMW dealership negated the findings; a 4-wheel drive Subaru Forester suffered a

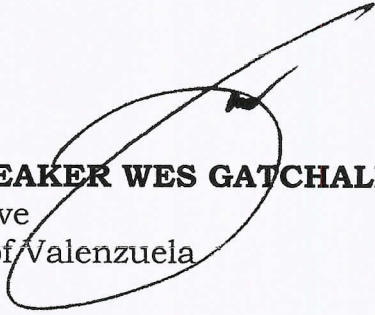
ruined center differential after it was tested as 2-wheel drive during inspection; A 2017 Land Cruiser failed allegedly recording a 655.2 decibels exhaust - louder than the sound emitted by a rocket ship. Moreover, there is also the issue regarding the transmission of data from the PMVICs to the Land Transportation Management System (LTMS). After conducting the vehicle inspections, the PMVIC cannot directly upload the results in to the LTO's computer system, they will need to go to a Value-Added Service Provider (VASP), accredited by the DOTR, for a fee and at the expense of the vehicle owner.

While the intent of the policy is laudable, its partial roll out was met with various protests from transport groups, leading to some Local Government Units to pass ordinances suspending the PMVIC's operation within their respective jurisdictions. The huge clamor for the suspension of the operation of the PMVICs, triggered separate legislative inquiries from the House of Representatives and the Senate. It was uncovered that the DOTR and the LTO did not have any basis from any law upon which the power to privatize the operation of the PMVICs was anchored, as well as the basis for the delegation of such an important function to private entities. Moreover, it is also questionable why the LTO chose to hand the ability to collect and generate funds through the operation of PMVIC to select private business entities, when the National Government is in dire need of revenue sources to augment the national budget that was severely impacted by the global economic strain brought by the COVID-19 pandemic.

This representation believes that the function of determining the roadworthiness and registratability of vehicles in our country should remain with the LTO. To undertake the establishment, operation and maintenance of Motor Vehicle Inspection Centers (MVIC) all over the country, however, would entail a huge capitalization on the part of the National Government. It is in this wise that I deem it imperative to amend Section 7 of Republic Act No. 8794, as amended by Republic Act No. 11239, and earmark a portion of the Motor Vehicle User's Charge (MVUC) to be utilized in putting up vehicle inspection centers.

When RA No. 11239 was signed into Law by President Rodrigo Duterte last March 8, 2019 to amend RA No. 8794, it abolished the Road Board and redirected all MVUC collections to be used solely for the construction, upgrading, repair, and rehabilitation of roads, bridges, and road drainage which should be specified in the national budget. By legislating this proposed amendment, LTO will be able to draw the necessary funding in order to exercise its mandate under Republic Act No. 4136 (Land Transportation and Traffic Code of the Philippines), particularly, the inspection and registration of motor vehicles in the Country.

In view of the foregoing the passage and approval of this legislation is earnestly sought.



DEPUTY SPEAKER WES GATCHALIAN
Representative
1st District of Valenzuela

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

SECTION 1. Section 7 of Republic Act No. 8794, as amended by Republic Act No. 11239, is hereby amended to read as follows:

"Sec. 7. Disposition of Monies Collected. — All monies collected under this Act shall be remitted to the National Treasury under a special account in the General Fund to be earmarked solely for the construction, upgrading, repair, and rehabilitation of roads, bridges, ~~and~~ road drainage, **AND THE ESTABLISHMENT, OPERATION AND MAINTENANCE OF MOTOR VEHICLE INSPECTION CENTERS BY THE LAND TRANSPORTATION OFFICE** to be included in the annual General Appropriations Act.

ALL REVENUES COLLECTED IN THE OPERATION OF MOTOR VEHICLE INSPECTION CENTERS SHALL ALSO BE REMITTED TO THE NATIONAL TREASURY UNDER THE SAME SPECIAL ACCOUNT IN THE GENERAL FUND."

SECTION 2. Separability Clause. - If, for any reason or reasons, any part or provision of this Act shall be declared as unconstitutional or invalid, the other parts

or provisions hereof which are not affected thereby shall continue to be in full force and effect.

SECTION 3. Repealing Clause. - All provisions of existing laws, orders, rules and regulations or parts thereof which are in conflict or inconsistent with the provisions of this Act are hereby repealed, amended or modified accordingly.

SECTION 4. Effectivity. - This Act shall take effect immediately upon its publication in the Official Gazette or in at least two (2) newspapers of general circulation in the Philippines.

Approved,