

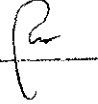
FIFTEENTH CONGRESS OF THE REPUBLIC)
OF THE PHILIPPINES)
First Regular Session)



Senate
Office of the Secretary

'11 MAY 19 P2:45

SENATE
S. No. **2834**

RECEIVED BY: 

Introduced by Senator Miriam Defensor Santiago

EXPLANATORY NOTE

The Constitution, Article II, Section 16 provides:

Section 16. The State shall protect and advance the right of the people to a balanced and healthful ecology in accord with the rhythm and harmony of nature.

High fuel consumption automobiles take a considerable toll on the country's fuel supply, and cause damage to the environment through greenhouse gas and other noxious gas emissions which are higher than green, fuel-efficient automobiles.

This Act establishes a five-year national voucher program to encourage owners to trade in older, less fuel efficient cars, trucks or sports utility vehicles for more fuel-efficient vehicles or to use mass transit. Based on an estimated 500,000 to 1,000,000 vouchers issued per year, it is estimated that the country can save between 40,000 to 80,000 barrels per day of motor fuel; reduce greenhouse gas emissions between 6.6 million metric tons to 7.6 million metric tons, or the equivalent of removing 1.1 million to 2.2 million vehicles from the road in one year; and reduce noxious gas emissions by 3,043 short tons in five years.


MIRIAM DEFENSOR SANTIAGO

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1 AN ACT
2 TO ACCELERATE MOTOR FUEL SAVINGS NATIONWIDE AND PROVIDE
3 INCENTIVES TO REGISTERED OWNERS OF HIGH FUEL CONSUMPTION
4 AUTOMOBILES TO REPLACE SUCH AUTOMOBILES WITH FUEL EFFICIENT
5 AUTOMOBILES OR PUBLIC TRANSPORTATION

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

6 SECTION 1. *Short Title.* – This Act shall be known as the “Accelerated Retirement of
7 Inefficient Vehicles Act.”

8 SECTION 2. *Declaration of Policy.* – It is hereby declared the policy of the State

9 (a) To protect and advance the right of the people to a balanced and healthful ecology
10 in accord with the rhythm and harmony of nature;

11 (b) To conserve fuel and minimize the country’s dependence on foreign oil; and

12 (c) To reduce greenhouse and other noxious gases in the atmosphere.

13 SECTION 3. *Definitions.* – In this Act, the term –

14 (a) “Automobile” means a four-wheeled vehicle that is propelled by fuel, or by
15 alternative fuel, manufactured primarily for use on public streets, roads, and highways and rated
16 at less than 10,000 pounds gross vehicle weight, except—

17 (1) a vehicle operated only on a rail line;

18 (2) a vehicle manufactured in different stages by two (2) or more
19 manufacturers, if no intermediate or final-stage manufacturer of that
20 vehicle manufactures more than 10,000 multi-stage vehicles per year; or

1 (3) a work truck.

2 (b) “Certificate of registration” means a government-issued document showing
3 ownership of an automobile.

4 (c) “Dealer” means a person engaging in the sale, lease, or distribution of new
5 automobiles to the first person (except a dealer buying as a dealer) that is an ultimate purchaser.

6 (d) “Department” means the Department of Energy.

7 (e) “Dismantler” means a person who is licensed to operate a business employing
8 three (3) or more persons to take automobiles apart for the purpose of reclaiming usable parts
9 and recyclable materials.

10 (f) “Eligible fleet operator” means—

11 (1) the operator of a fleet of automobiles that is owned by the national or local
12 government; or

13 (2) the owner of two (2) or more automobiles authorized to carry passengers
14 for hire under existing laws, rules, and regulations governing the operation
15 of taxi cabs.

16 (g) “Eligible high fuel consumption automobile” means a high fuel consumption
17 automobile that, at the time it is presented for participation in the program established in this
18 Act—

19 (1) is in drivable condition; and

20 (2) has been continuously registered and licensed to operate for a period of
21 not fewer than one hundred twenty (120) consecutive days for operation
22 on public roads.

23 (h) “Fuel efficient automobile” means an automobile manufactured for any model
24 year after 2003 that qualifies as fuel efficient in accordance with rules and regulations
25 promulgated by the Secretary of Energy.

26 (i) “High fuel consumption automobile” means an automobile manufactured for any
27 model year before 2008 for which the originally certified measured fuel economy level is less
28 than eighteen (18) miles per gallon.

1 (j) “Measured fuel economy level” means the fuel economy level of a new
2 automobile model measured in accordance with rules and regulations promulgated by the
3 Secretary of Energy.

4 (k) “New automobile” means an automobile for which a manufacturer, distributor, or
5 dealer has never transferred the equitable or legal title to such automobile to an ultimate
6 purchaser.

7 (l) “Program” means the Accelerated Retirement of Inefficient Vehicles Program
8 established under this Act.

9 (m) “Registered owner” means, with respect to an automobile, the person whose name
10 appears on the current Certificate of Registration for such automobile.

11 (n) “Scrap recycling facility” means a business—

12 (1) employing three (3) or more individuals at a fixed location, where
13 machinery and equipment are utilized for processing and manufacturing
14 scrap metal into prepared grades; and

15 (2) whose principal product is scrap iron, scrap steel, or nonferrous metallic
16 scrap for sale for remelting purposes.

17 (o) “Secretary” means the Secretary of Energy.

18 (p) “Ultimate purchaser” means, with respect to any new automobile, the first person
19 who in good faith purchases such automobile for purposes other than resale.

20 (q) “Voucher” means a voucher issued to the registered owner of an eligible high fuel
21 consumption automobile under this Act.

22 SECTION 4. *Accelerated Retirement of Inefficient Vehicles Program.* – (a) There is
23 established in the Department of Energy a program to be known as the “Accelerated Retirement
24 of Inefficient Vehicles Program,” through which the Secretary shall—

25 (1) authorize the issuance a voucher, subject to the limitations described in
26 subsection (e)(1), to any person or eligible fleet operator who is a
27 registered owner of an eligible high fuel consumption automobile, which
28 voucher may be used solely by such person or eligible fleet operator for

1 the purchase of a new or used fuel efficient automobile upon the transfer
2 of the Certificate of Registration to such high fuel consumption
3 automobile to a dealer, dismantler, or scrap recycling facility participating
4 in the Program;

5 (2) allow any dealer, dismantler, or scrap recycling facility to participate in
6 the Program if the dealer, dismantler, or scrap recycling facility agrees
7 to—

8 (A) scrap any eligible high fuel consumption automobile upon
9 receiving the *Certificate of Registration* to such automobile
10 pursuant to the Program;

11 (B) issue a voucher to the registered owner of such automobile;

12 (C) certify to the Secretary that such automobile has been crushed or
13 shredded in accordance with subsection (e)(4); and

14 (D) comply with all applicable requirements under this Act and any
15 rules and regulations promulgated by the Secretary to carry out this
16 Act;

17 (3) require that all dealers accept vouchers presented by a person or eligible
18 fleet operator described in paragraph (1) as partial payment for the
19 purchase of a new or used fuel efficient automobile; and

20 (4) make payments to dealers for vouchers accepted by such dealers under
21 paragraph (3) between January 1, 2010, and December 31, 2014, in
22 accordance with the provisions of this section.

23 (b) Amount of voucher— (1) A voucher issued under the Program may be applied to
24 offset the purchase price of new fuel efficient automobile, a used fuel efficient automobile, or a
25 highly fuel efficient automobile. The value of the vouchers shall be determined in accordance
26 with rules and regulations prescribed by the Secretary of Energy.

27 (2) A voucher issued under the Program may be applied to acquire single-
28 passenger transit fare credits from participating transit operators in an
29 amount equal to the amounts provided under the previous paragraph.

1 (c) Administrative payments to participating dealers, dismantlers, and scrap recycling
2 facilities – The Secretary shall provide for a payment of a reasonable amount to participating
3 dealers, dismantlers, and scrap recycling facilities for each voucher issued under the Program in
4 consideration of the administrative costs related to such issuance.

5 (d) Lists of eligible automobiles to be maintained – The Secretary, in cooperation
6 with the Secretary of Transportation and Communications, shall prepare, maintain, publicize,
7 and make available through the Internet, lists of automobiles, classified by make and model,
8 which are classified under this section as—

- 9 (1) eligible high fuel consumption automobiles;
- 10 (2) new fuel efficient automobiles; or
- 11 (3) used fuel efficient automobiles.

12 (e) Program specifications— (1) Limitations—

13 (A) Vouchers per person— Not more than one (1) voucher may be
14 issued to a person. A person may be issued a voucher if the person
15 demonstrates, in a manner prescribed by rules and regulations by
16 the Secretary, that such person— (i) is the registered owner of an
17 eligible high fuel consumption automobile; and (ii) attests that
18 such high fuel consumption automobile has not been imported into
19 the Philippines during the previous four-month period.

20 (B) Vouchers for eligible fleets— A voucher for the purchase of a new
21 or used fuel efficient automobile from a dealer may be issued to an
22 eligible fleet operator for each eligible high fuel consumption
23 automobile for which such eligible fleet operator is the registered
24 owner, as demonstrated in a manner prescribed by rule by the
25 Secretary.

26 (C) Offset— A dealer (i) shall credit the amount of the voucher being
27 applied toward the purchase of a fuel efficient automobile; and (ii)
28 may not offset the amount of the voucher against any other rebate
29 or discount otherwise being offered by the dealer or manufacturer.

1 (D) Joint ownership— Not more than one (1) voucher may be issued
2 to the joint owners of an eligible high fuel consumption
3 automobile, unless such automobile is operated by an eligible fleet
4 operator.

5 (E) No combination of vouchers— A person may not apply two (2) or
6 more vouchers issued under the Program toward the purchase of a
7 single fuel efficient automobile.

8 (F) Combination with other incentives permitted—Notwithstanding
9 any other provision of law, the availability or use of a government
10 tax incentive for the purchase of a fuel efficient automobile shall
11 not limit the value or issuance of a voucher under the Program to
12 any person or eligible fleet operator otherwise eligible to receive
13 such a voucher.

14 (G) Duration—Each voucher shall expire two (2) years after the date
15 on which the voucher is issued and may not be renewed.

16 (H) Prompt fulfillment of redemption requests required—The
17 Secretary shall provide for the payment of all vouchers submitted
18 to the Secretary for redemption in accordance with the provisions
19 of this Act not later than sixty (60) days after such submission, or
20 within such lesser period as the Secretary determines to be
21 practicable.

22 (I) Number and amount—The total number and value of vouchers
23 issued under the Program may not exceed the amounts
24 appropriated for such purpose.

25 (2) Consumer Education Program—The Secretary shall carry out a consumer
26 education program aimed at informing persons about the Program, its fuel
27 economy purposes, and the availability of vouchers under the Program.

28 (3) Transit fare credits—The Secretary shall promulgate rules and regulations
29 that allow operators of bus and rail public transit systems to redeem

1 vouchers properly issued to any person under this Act to offset the
2 purchase price of annual transit passes or any other form of individual
3 transit fare credit designated by the transit system operator. Participating
4 transit system operators shall establish the terms and conditions for the
5 ownership, use, and expiration of any transit fare credits acquired through
6 the use of a voucher issued under this Act.

7 (4) Disposition of eligible high fuel consumption automobiles—(A) In
8 general—Any automobile dealer, dismantler, or scrap recycling facility
9 who receives a Certificate of Registration to any eligible high fuel
10 consumption automobile in exchange for a voucher under the Program
11 shall certify to the Secretary, in such manner as the Secretary shall
12 prescribe by rule, that such automobile and engine: (i) have been crushed
13 or shredded within such period as the Secretary prescribes; (ii) have been
14 processed prior to crushing or shredding to ensure the removal and
15 appropriate disposition of refrigerants, antifreeze, lead products, mercury
16 switches, and such other toxic or hazardous vehicle components as the
17 Secretary may specify by rule and regulation; and (iii) have not been, and
18 will not be, sold, leased, exchanged, or otherwise disposed of for use as an
19 automobile in the Philippines or in any other country.

20 (B) Savings Provision—Nothing in subparagraph (A) may be
21 construed to preclude a dismantler from: (i) selling any parts of
22 such scrapped automobile other than the engine block and drive
23 train for use as replacement parts; or (ii) retaining the proceeds
24 from such sale.

25 (C) Coordination—The Secretary shall coordinate with the Land
26 Transportation Office (LTO) and other appropriate government
27 agencies to ensure that the national motor vehicle title information
28 system is appropriately updated to reflect the crushing or shredding
29 of high fuel consumption automobiles under this section.

1 (f) Rulemaking—Not later than one hundred twenty (120) days after the date of the
2 enactment of this Act, the Secretary shall promulgate rules and regulations to implement the
3 Program, including—

- 4 (1) the removal and disposition of toxic or hazardous materials from eligible
5 high fuel consumption vehicles presented for participation in the program;
6 and
7 (2) the enforcement of the penalties prescribed in section 5.

8 (g) Nothing in this Act or any other provision of law limits the authority of Congress
9 or the Secretary to terminate or limit the Program or the issuance of vouchers under the Program.

10 SECTION 5. *Penalties.* – Any person who violates any provision under this Act or any
11 rules and regulations pursuant thereto shall be liable to the Philippine Government for a civil
12 penalty of not more than fifty thousand pesos (P50,000) for each violation. A separate violation
13 shall be deemed to have occurred for each day the person continues to be in violation of any
14 provision under this Act.

15 SECTION 6. *Report.* – The Secretary shall submit a report to the respective Committee
16 on Energy of the Senate and of the House of Representatives every six (6) months that specifies,
17 for the most recent six-month period the following: (a) the number of vouchers which have been
18 used under the Program; and (b) the make, model, model year, and location of sale of each
19 vehicle traded in or purchased under the Program.

20 SECTION 7. *Authorization of Appropriations.* – There are authorized to be appropriated,
21 for each of the fiscal years 2010 through 2015, such sums as may be necessary to carry out this
22 Act, which sums shall remain available until expended.

23 SECTION 8. *Separability Clause.* – If any provision, or part hereof is held invalid or
24 unconstitutional, the remainder of the law or the provision not otherwise affected shall remain
25 valid and subsisting.

1 SECTION 9. *Repealing Clause.* – Any law, presidential decree or issuance, executive
2 order, letter of instruction, administrative order, rule or regulation contrary to or inconsistent
3 with, the provisions of this Act is hereby repealed, modified, or amended accordingly.

4 SECTION 10. *Effectivity Clause.* – This Act shall take effect fifteen (15) days after its
5 publication in at least two (2) newspapers of general circulation.

Approved,