

'17 JUL 26 P 6:05

SENATE

S.B. No. 1524

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Introduced by Sen. Juan Miguel F. Zubiri

AN ACT
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, CONVERSION AND
IMPORTATION OF GREEN VEHICLES, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

Over the years, the Philippines has seen a steady increase in its population, with an average annual population growth rate of 1.72 percent during the period 2010 to 2015, and an average annual population growth rate of 1.90 percent during the period 2000 to 2010. As of August 2015, the population of the Philippines was at 100,981,437, a figure 8.64 million higher compared to that in 2010, which was at 92.34 million.¹

With the increase in population, the country is also witnessing an increase in mobility demand, with an average vehicle registration growth rate of 7.5 percent for the period 2000 to 2008.² Data from the Land Transportation Office shows that by the year 2015, a total of 8,706,607 motor vehicles were registered nationwide, a figure 7.74 percent higher than the 8,081,224 motor vehicles registered in 2014.³

While traffic congestion and economic loss seem to be the most unpleasant effects of this phenomenon, environmental stress or the negative impacts it has to the environment, cannot be discounted.

The Department of Environment and Natural Resources classifies the sources of air pollution and breaks it down into three categories, namely, stationary, mobile and area sources. Interestingly enough, based on the Department's National Emissions Inventory conducted in 2012, 69 percent of air pollutants were from mobile sources such as cars, motorcycles, trucks and buses. Only 9 percent came from stationary sources such as power plants and factories, and 22 percent from area sources, such as construction activities, open burning of solid wastes, and *kaingin* or swidden farming.⁴

¹ "Highlights of the Philippine Population 2015 Census of Population,"

<https://psa.gov.ph/content/highlights-philippine-population-2015-census-population>.

² "The Project for Capacity Development on Transportation Planning and Database Management in the Republic of the Philippines," December 2015,

http://open_jicareport.jica.go.jp/pdf/12247656_01.pdf.

³ "Annual Reports," <http://www.lto.gov.ph/transparency-seal/annual-reports.html>.

⁴ Air Quality in the Philippines (2008-2015), Department of Environment and Natural Resources.

The Philippine government has taken steps in curbing this problem. The Department of Transportation, in partnership with the Department of Public Works and Highways and other key government agencies, has launched the "Build, Build, Build" program, which is distinguished to be the biggest infrastructure program in the Philippines, and includes the development and construction of mass urban transport systems.

Furthermore, laws such as Republic Act No. 8754 or the Philippine Clean Air Act of 1999 are already in place, providing for the policy framework for the country's air quality management program.

In May 2011, the Department of Transportation and Communication also launched the National Environmentally Sustainable Transport (EST) Strategy which aims to: 1) reduce the annual growth rate of energy consumption and associated green house gas (GHG) and air pollutant emissions from the transport sector in urban areas of the country; and 2) enhance sustainable mobility through the development of a viable market for environmentally sustainable transport (EST) goods and services, which includes promoting transportation systems of low carbon intensity and shifting towards the use of more sustainable transport modes.

This bill supports the aforementioned programs of the government by providing incentives for the manufacture, assembly, conversion and importation of green vehicles. Through this, we hope to encourage the use of this type of vehicle, with the end in view of promoting better air quality and providing solutions to the problem of global warming.

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



JUAN MIGUEL F. ZUBIRI

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

1 **SECTION 1. Title.** – This Act shall be known as the "Green Vehicles Incentives
2 Act."

3 **SEC. 2. Declaration of Policy.** – It is the policy of the State to safeguard life
4 and environment by encouraging the use of clean energy sources for vehicles intended
5 for public and private use. To protect the well-being and promote the economic
6 condition of the people as well as to promote energy independence and security in the
7 midst of development and innovation in technology, the following are hereby declared:

8 a) It is the policy of the State to protect and advance the right of the
9 people to a balanced and healthful ecology in accord with the rhythm and harmony in
10 nature. The State shall recognize and address the detrimental effects on the
11 environment, safeguard the welfare, and protect the health of the people by improving
12 air quality and by reducing the impact of greenhouse gas effects emitted from man-
13 made sources such as vehicles operating on fossil fuels.

14 b) The State supports the need to promote the development of new
15 technology to accelerate social progress and promote human development. The use of
16 eco-friendly or green vehicles intended for public and private use is encouraged to
17 promote innovation, energy efficiency, security and conservation, and to speed up the
18 deployment of cleaner technology.

19 c) The State recognizes the indispensable role of the private sector,
20 encourages private enterprise, and provides incentives to needed investments. To
21 accelerate economic growth and generate employment, the State shall provide
22 incentives to private enterprises and individuals engaged in the manufacture,
23 assembly, conversion, and importation of electric, hybrid and other green vehicles.

24 **SEC. 3. Definition of Terms.** – As used herein, the following shall mean:

25 a) Green Vehicle shall refer to a vehicle that is considered to be
26 environmentally friendly and have less of a damaging impact on the environment than
27 conventional cars; it uses clean energy sources to fuel its engine, such as but not
28 limited to: electric vehicle, hybrid vehicle, solar, wind, hydrogen fuel cell, compressed
29 natural gas (CNG) or liquefied natural gas (LNG), methane and liquefied petroleum gas
30 (LPG), other than conventional sources of energy like petroleum and gasoline for
31 propulsion.

1 b) Electric Vehicle (EV) shall refer to any vehicle that uses electric motors
2 solely for propulsion.

3 c) Hybrid Vehicle (HV) shall refer to any vehicle that combines the
4 technologies of using internal combustion engine (ICE) with a battery-powered electric
5 motor to gain advantages of both propulsion systems.

6 d) Manufacturer or Assembler shall mean any individual, partnership,
7 corporation or other entity engaged in the manufacture, assembly and conversion of
8 electric, hybrid and other green vehicles incorporated, organized and existing under
9 Philippine laws.

10 e) Importer shall mean any individual, partnership, corporation or other
11 entity engaged in the importation of completely built units (CBUs) of electric, hybrid
12 and other green vehicles incorporated, organized and existing under Philippine laws.

13 **SEC. 4. Coverage.** – This Act shall cover electric, hybrid and other green
14 vehicles but shall not include vehicles powered by gasoline, petroleum, bio-diesel and
15 bio-ethanol.

16
17 **SEC. 5. Incentives to Manufacturers or Assemblers.** – The provision of any
18 special or general law to the contrary notwithstanding, the manufacture or assembly
19 of completely knocked-down (CKD) parts of electric, hybrid and other green vehicles,
20 including the conversion of vehicles into electric, hybrid and other green vehicles, shall
21 be exempt from the payment of excise taxes and duties for nine (9) years from the
22 effectivity of this Act.

23 **SEC. 6. Incentives to Importers.** – The provision of any special or general
24 law to the contrary notwithstanding, the importation of completely built units (CBUs)
25 of electric, hybrid and other green vehicles shall be exempt from the payment of
26 excise taxes and duties for nine (9) years from the effectivity of this Act.

27 **SEC. 7. Exemption from the Payment of Motor Vehicle User's Charge**
28 **(MVUC).** – Electric, hybrid and other green vehicles shall be exempt from the
29 payment of the Motor Vehicle User's Charge (MVUC) imposed by the Land
30 Transportation Office (LTO) under Republic Act No. 8794, otherwise known as "Motor
31 Vehicle User's Charge (MVUC) Act" for nine (9) years from the effectivity of this Act.

32 **SEC. 7. Separability Clause.** - If any provision or part hereof, is held invalid or
33 unconstitutional, the remainder of the law or the provision not otherwise affected shall
34 remain valid and subsisting.

35 **SEC. 8. Non-Fiscal Incentives.** –

36 1) *Priority in Registration and Issuance of Plate Number.* – Registration and
37 renewal of registration of electric, hybrid and other green vehicles shall be prioritized
38 by the LTO for nine (9) years from the effectivity of this Act. A special type of vehicle
39 plate to be prescribed by the LTO shall be exclusively issued to all electric, hybrid and
40 other green vehicles upon registration.

41 2) *Priority in Franchise Application.* – Public Utility Vehicle (PUV) operators
42 exclusively utilizing electric, hybrid and other green vehicles shall be granted priority
43 by the Land Transportation Franchising and Regulatory Board (LTFRB) in the approval
44 of applications for franchise to operate, including its renewal, for nine (9) years from
45 the effectivity of this Act.

46 3) *Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or*
47 *Number-Coding Scheme.* – All electric, hybrid and other green vehicles shall, for nine
48 (9) years from the effectivity of this Act, be exempted from the mandatory Unified

1 Vehicular Volume Reduction Program (UVVRP) or Number-Coding Scheme being
2 implemented by the Metro Manila Development Authority (MMDA) and other local
3 government units (LGUs) concerned.

4 4) *Provision for Free Parking Spaces in New Establishments.* – Business and
5 commercial establishments to be constructed after the effectivity of this Act are
6 mandated to provide exclusive parking spaces free of charge for all electric, hybrid and
7 other green vehicles. No building permit shall be issued for the construction of
8 business and commercial establishments that include parking spaces unless the owner
9 submits an affidavit that there shall be free parking spaces to be exclusively
10 designated for electric, hybrid and other green vehicles, for nine (9) years from the
11 effectivity of this Act.

12 **SEC. 9. *Registration, Implementation and Monitoring.*** - This Department
13 of Finance (DOF) and Department of Trade and Industry (DTI) shall be responsible for
14 the administration and implementation of the incentives granted under this Act.

15 Manufacturers, assemblers, converters and importers of electric, hybrid and
16 other green vehicles shall register with DOF in order to avail of the incentives provided
17 under this Act. For proper monitoring, DOF and DTI shall meet regularly to monitor
18 and review the implementation of the incentives provided herein.

19 **SEC. 10. *Implementing Rules and Regulations.*** – The Department of
20 Finance (DOF) in coordination with the Department of Trade and Industry (DTI) shall
21 promulgate the necessary rules and regulations for the effective implementation of
22 this Act.

23 **SEC. 11. *Separability Clause.*** – If any provision of this Act is declared
24 unconstitutional or invalid, other parts or provisions hereof not affected thereby shall
25 continue to be in full force and effect.

26 **SEC. 11. *Repealing Clause.*** – All other laws, orders, issuances, circulars, rules
27 and regulations or parts thereof, which are inconsistent with the provisions of this Act
28 are hereby repealed or modified accordingly.

29 **SEC. 9. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days
30 following its publication in at least two (2) newspapers of general circulation.

31 ***Approved,***

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