



13 JUL -1 P 3:46

SENATE

S. No. 164

PREPARED BY: *ja*

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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### EXPLANATORY NOTE

Frequent adjustment of oil prices is not new to us. Department of Energy reported that most of the oil companies implemented price adjustments which resulted to a year-to-date net increase of P1.30/liter for gasoline and P0.58/liter for diesel<sup>1</sup>. Admittedly, a lot has to be done to be able to cope with the current problems brought about by high prices of gasoline. This leads us to the fact that energy-efficiency measures are very much significant today, given the fluctuating prices of gasoline in the country. Specifically, one solution to the worsening issue of frequent increase in gasoline prices has come about with the development of the so called "hybrid cars".

This bill aims to promote the widespread use of hybrid and vehicles using alternative fuels in the country and, thus, lessen our dependence on imported oil.

The measure, among others, seeks to:

- protect the environment by mitigating the harmful effects of carbon emissions into the atmosphere;
- exempt from the payment of value-added tax for nine years the importation of raw materials, spare parts, components and capital equipment used in the manufacture or assembly of electric, hybrid and other alternative fuel vehicles;
- include non-fiscal incentives geared mainly for users, including priority in registration and franchise application for public utility vehicles; exemption from number coding schemes; and free parking in new buildings.

The House version of this bill was approved on third and final reading on March 2012 while the Senate passed its version on January 2013.

However, 15<sup>th</sup> Congress closed without it being approved and signed into law. I am, thus, refiling this Bill in the hope that it can be prioritized during the 16<sup>th</sup> Congress.

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

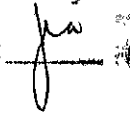
ANTONIO "SONNY" F. TRILLANES IV  
Senator

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<sup>1</sup> Information retrieved at <http://www.doe.gov.ph/oil-price-monitoring/2038-oil-monitor-as-of-18-june-2013> on 20 June 2013.

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AN ACT  
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY, CONVERSION  
AND IMPORTATION OF ELECTRIC, HYBRID AND OTHER ALTERNATIVE FUEL  
VEHICLES, FOR OTHER PURPOSES

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

1           **SECTION 1, Short Title.** -- This Act shall be known as the "*Electric, Hybrid and Other*  
2 *Alternative Fuel Vehicles Incentives Act of 2013.*"

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

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

1 b) The State supports the need to promote the development of new technology to  
2 accelerate social progress and promote human development. The use of alternative  
3 sources of energy on vehicles intended for public and private use is encouraged to  
4 promote innovation, energy efficiency, security and conservation, and to speed up the  
5 deployment of cleaner technology.

6 c) The State recognizes the indispensable role of the private sector, encourages private  
7 enterprise, and provides incentives for needed investments. To accelerate economic  
8 growth and generate employment, the State shall provide incentives to private  
9 enterprises and individuals engaged in the manufacture, assembly, conversion, and  
10 importation of electric, hybrid and other alternative fuel vehicles.

11  
12 **SEC 3. Definition of Terms.** – As used herein, the following shall mean:

13 a) Electric Vehicle (EV) shall refer to any vehicle that uses electric motors solely for  
14 propulsion.

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

18 c) Other Alternative Fuel Vehicle (AFV) shall refer to any vehicle using alternative  
19 sources of energy such as but not limited to: solar, wind, hydrogen fuel cell,  
20 compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied  
21 petroleum gas (LPG), other than conventional sources of energy like petroleum and  
22 gasoline for propulsion.

23 d) Manufacturer or Assembler shall mean any individual, partnership, corporation or  
24 other entity engaged in the manufacture, assembly and conversion of electric, hybrid  
25 and other alternative fuel vehicles incorporated, organized and existing under  
26 Philippine laws.

1 e) Importer shall mean any individual, partnership, corporation or other entity engaged  
2 in the importation of completely built units (CBUs) of electric, hybrid and other  
3 alternative fuel vehicles incorporated, organized and existing under Philippine laws.  
4

5 **SEC. 4. Coverage.** - This Act shall cover electric, hybrid and other alternative fuel  
6 vehicles but shall not include vehicles powered by gasoline, petroleum, bio-diesel and bio-  
7 ethanol.  
8

9 **SEC. 5. Incentives to Manufacturers or Assemblers.** - The provision of any special or  
10 general law to the contrary notwithstanding, the manufacture or assembly of completely  
11 knocked-down (CKD) parts of electric, hybrid and other alternative fuel vehicles, including the  
12 conversion of vehicles into electric, hybrid and other alternative fuel vehicles, shall be exempt  
13 from the payment of excise taxes and duties for nine (9) years from the effectivity of this Act.

14 The imposition of the Value Added Tax (VAT) for the purchase and importation of raw  
15 materials, spare parts, components and capital equipment used in the manufacture or assembly of  
16 electric, hybrid and other alternative fuel vehicles shall be suspended for the next nine (9) years  
17 from the effectivity of this Act.  
18

19 **SEC. 6. Incentives to Importers.** - The provision of any special or general law to the  
20 contrary notwithstanding, the importation of CBUs of electric, hybrid and other alternative fuel  
21 vehicles shall be exempt from the payment of excise taxes and duties for nine (9) years from the  
22 effectivity of this Act.  
23

24 **SEC. 7. Exemption from the Payment of Motor Vehicle User's Charge (MVUC).** -  
25 Electric, hybrid and other alternative fuel vehicles shall be exempt from the payment of the  
26 Motor Vehicle User's Charge (MVUC) imposed by the Land Transportation Office (LTO) under  
27 Republic Act No. 8794, otherwise known as "Motor Vehicle User's Charge (MVUC) Act" for  
28 nine (9) years after the effectivity to this Act.

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

2     1.     **Priority in Registration and Issuance of Plate Number.** – Registration and renewal of  
3     Registration of electric, hybrid and other alternative fuel vehicles shall be prioritized by the LTO  
4     for nine (9) years after the effectivity of this Act. A special type of vehicle plate to be prescribed  
5     by LTO shall be exclusively issued to all electric, hybrid and other alternative fuel vehicles upon  
6     registration.

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

11    3.     **Exemption from Unified Vehicular Volume Reduction Program (UVVRP) or Number**  
12    **Coding Scheme.** – All electric, hybrid and other alternative fuel vehicles shall for nine (9) years  
13    after the effectivity of this Act, be exempted from the mandatory UVVRP or number-coding  
14    scheme being implemented by the Metro Manila Development Authority (MMDA) and other  
15    local government units (LGUs) concerned.

16    4.     **Provision for Free Parking Spaces in New Establishments.** – Business and commercial  
17    establishment to be constructed after the effectivity of this Act are mandated to provide exclusive  
18    parking spaces free of charge for all electric, hybrid and other alternative fuel vehicles. No  
19    building permit shall be issued for the construction of business and commercial establishments  
20    that include parking spaces unless the owner submits an affidavit that there shall be free parking  
21    spaces to be exclusively designated for electric, hybrid and other alternative fuel vehicles, for  
22    nine (9) years after the effectivity of this Act.

23  
24           **SEC. 9. *Registration, Implementation and Monitoring.*** – The Department of Finance  
25    (DOF) and the Department of Trade and Industry (DTI) shall be responsible for the  
26    administration and implementation of the incentives granted under this Act.

27           Manufacturers, assemblers, converters and importers of electric, hybrid and other  
28    alternative fuel vehicles shall register with DOF in order to avail of the incentives provided

1 under this Act. For proper monitoring, DOF and DTI shall meet regularly to monitor and review  
2 the implementation of the incentives provided herein.

3  
4 **SEC. 10. *Implementing Rules and Regulations.*** – The DOF in coordination with the  
5 DTI shall promulgate the necessary rules and regulations for the effective implementation of this  
6 Act.

7  
8 **SEC. 11. *Separability Clause.*** – If any provision of this Act is declared unconstitutional  
9 or invalid, other parts or provisions hereof not affected thereby shall continue to be in full force  
10 and effect.

11  
12 **SEC. 12. *Repealing Clause.*** – All other laws, orders, issuances, circulars, rules and  
13 regulations or parts thereof, which are inconsistent with the provisions of this Act are hereby  
14 repealed or modified accordingly.

15  
16 **SEC. 13. *Effectivity Clause.*** – The Act shall take effect after fifteen (15) days following  
17 its publication in at least two (2) newspapers of general circulation.

Approved,