


SENATE

'19 JUL 16 A11 :44

Senate Bill No. 538

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Introduced by Senator 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 (LTO) 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 The most recent data from LTO shows an even higher number of 11,595,434 motor vehicles registered in 2018.

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,

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>.

and 22 percent from area sources, such as construction activities, open burning of solid wastes, and *kaingin* or swidden farming.⁴

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

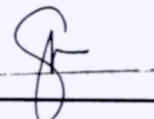
⁴ Air Quality in the Philippines (2008-2015), Department of Environment and Natural Resources.

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OTHER PURPOSES**

*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*
2 *Incentives Act.*”

3

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

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

17 b) The State supports the need to promote the development of new
18 technology to accelerate social progress and promote human
19 development. The use of eco-friendly or green vehicles intended for
20 public and private use is encouraged to promote innovation, energy

1 efficiency, security and conservation, and to speed up the deployment
2 of cleaner technology.

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

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

- 12 a) Green Vehicle shall refer to a vehicle that is considered to be
13 environmentally friendly and have less of a damaging impact on the
14 environment than conventional cars; it uses clean energy sources to
15 fuel its engine, such as but not limited to: electric vehicle, hybrid
16 vehicle, solar, wind, hydrogen fuel cell, compressed natural gas (CNG)
17 or liquefied natural gas (LNG), methane and liquefied petroleum gas
18 (LPG), other than conventional sources of energy like petroleum and
19 gasoline for propulsion.
- 20 b) Electric Vehicle (EV) shall refer to any vehicle that uses electric motors
21 solely for propulsion.
- 22 c) Hybrid Vehicle (HV) shall refer to any vehicle that combines the
23 technologies of using internal combustion engine (ICE) with a battery-
24 powered electric motor to gain advantages of both propulsion
25 systems.
- 26 d) Manufacturer or Assembler shall mean any individual, partnership,
27 corporation or other entity engaged in the manufacture, assembly and
28 conversion of electric, hybrid and other green vehicles incorporated,
29 organized and existing under Philippine laws.
- 30 e) Importer shall mean any individual, partnership, corporation or other
31 entity engaged in the importation of completely built units (CBUs) of
32 electric, hybrid and other green vehicles incorporated, organized and
33 existing under Philippine laws.
34

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

4
5 **SEC. 5. Incentives to Manufacturers or Assemblers.** – The provision
6 of any special or general law to the contrary notwithstanding, the manufacture
7 or assembly of completely knocked-down (CKD) parts of electric, hybrid and
8 other green vehicles, including the conversion of vehicles into electric, hybrid and
9 other green vehicles, shall be exempt from the payment of excise taxes and
10 duties for nine (9) years from the effectivity of this Act.

11
12 **SEC. 6. Incentives to Importers.** – The provision of any special or
13 general law to the contrary notwithstanding, the importation of completely built
14 units (CBUs) of electric, hybrid and other green vehicles shall be exempt from
15 the payment of excise taxes and duties for nine (9) years from the effectivity of
16 this Act.

17
18 **SEC. 7. Exemption from the Payment of Motor Vehicle User’s**
19 **Charge (MVUC).** – Electric, hybrid and other green vehicles shall be exempt
20 from the payment of the Motor Vehicle User’s Charge (MVUC) imposed by the
21 Land Transportation Office (LTO) under Republic Act No. 8794, otherwise known
22 as “Motor Vehicle User’s Charge (MVUC) Act” for nine (9) years from the
23 effectivity of this Act.

24
25 **SEC. 8. Non-Fiscal Incentives.** –

- 26 1) *Priority in Registration and Issuance of Plate Number.* – Registration
27 and renewal of registration of electric, hybrid and other green vehicles
28 shall be prioritized by the LTO for nine (9) years from the effectivity of
29 this Act. A special type of vehicle plate to be prescribed by the LTO
30 shall be exclusively issued to all electric, hybrid and other green
31 vehicles upon registration.
- 32 2) *Priority in Franchise Application.* – Public Utility Vehicle (PUV)
33 operators exclusively utilizing electric, hybrid and other green vehicles
34 shall be granted priority by the Land Transportation Franchising and
35 Regulatory Board (LTFRB) in the approval of applications for franchise

1 to operate, including its renewal, for nine (9) years from the effectivity
2 of this Act.

3 3) *Exemption from Unified Vehicular Volume Reduction Program (UVVRP)*
4 *or Number-Coding Scheme.* – All electric, hybrid and other green
5 vehicles shall, for nine (9) years from the effectivity of this Act, be
6 exempted from the mandatory Unified Vehicular Volume Reduction
7 Program (UVVRP) or Number-Coding Scheme being implemented by
8 the Metro Manila Development Authority (MMDA) and other local
9 government units (LGUs) concerned.

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

19
20 **SEC. 9. Registration, Implementation and Monitoring.** - The
21 Department of Finance (DOF) and Department of Trade and Industry (DTI) shall
22 be responsible for the administration and implementation of the incentives
23 granted under this Act.

24
25 Manufacturers, assemblers, converters and importers of electric, hybrid
26 and other green vehicles shall register with the DOF in order to avail of the
27 incentives provided under this Act. For proper monitoring, the DOF and the DTI
28 shall meet regularly to monitor and review the implementation of the incentives
29 provided herein.

30
31 **SEC. 10. Implementing Rules and Regulations.** – The Department of
32 Finance (DOF) in coordination with the Department of Trade and Industry (DTI)
33 shall promulgate the necessary rules and regulations for the effective
34 implementation of this Act.

35

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

4

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

8

9 **SEC. 13. Effectivity Clause.** - This Act shall take effect fifteen (15) days
10 following its publication in at least two (2) newspapers of general circulation.

Approved,