

SENATE

Senate Bill No. 638



Senate
Office of the Secretary

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Introduced by Senator FRANCIS N. PANGILINAN

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AN ACT
PROMOTING ENVIRONMENTALLY SUSTAINABLE TRANSPORT BY
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY,
CONVERSION, AND IMPORTATION OF ELECTRIC AND HYBRID VEHICLES,
INCLUDING CHARGING STATIONS, AND FOR OTHER PURPOSES

EXPLANATORY NOTE

In March 2017, the Philippines ratified the historic Paris Agreement on Climate Change, which seeks to reduce carbon emissions that have long been associated to the occurrence of natural disasters and extreme weather conditions. The country committed to reduce carbon emissions by 70% by 2030. One way to achieve this is to promote sustainable, energy-efficient, and environment-friendly alternatives to the current modes of transportation which are among the largest contributors to carbon dioxide emissions.

According to the Intergovernmental Panel on Climate Change (2014), the transport sector accounted for about 23% of global carbon dioxide emissions and 14% of global greenhouse gas (GHG) emissions in 2010. The Asian Development Bank (ADB) estimates that by 2035, transport will become the single largest GHG emitter accounting for 46% of global emissions, and 80% by 2050. In the Philippines, the sector accounts for 35% of total GHG emissions.

A study conducted by the Massachusetts Institute of Technology (MIT) found that wholesale replacement of conventional vehicles with electric ones could play a significant role to mitigate climate change. Even while considering the emissions from power plants that provide electricity to charge electric vehicles (EVs), the switch to EVs would lead to an approximately 30% reduction in the emissions from transportation. If power plants decarbonize over time, more significant emission cuts would be realized.¹

According to the International Energy Agency, there were more than three million electric vehicles in the world's roads in 2017, an expansion of over 50% from 2016. In the Philippines, there is an increasing support for the manufacture of electric vehicles with major cities in Metro Manila starting to use electric jeeps and electric tricycles to provide transportation to tourists and ultimately, to reduce carbon emissions.

¹ Massachusetts Institute of Technology. "Can Today's EVs make a dent in climate change?" Published on 15 August 2016. Available at <http://news.mit.edu/2016/electric-vehicles-make-dent-climate-change-0815>.

The Department of Energy estimates that replacing regular tricycles with 100,000 e-tricycles could reduce gasoline consumption by 561,000 barrels a year or 260,000 tons of carbon dioxide emissions. Income of tricycle drivers could also be increased by 30% due to increased passenger capacity and cheaper electric charging cost than fuel prices.²

Foregoing considered, it is imperative that the use of electric and hybrid vehicles be actively promoted across the country. Hence, this measure proposes to provide the following non-fiscal incentives including the creation of an Inter-Agency Task Force to resolve issues affecting the supply chain of the electric and hybrid vehicle sector; priority registration and issuance of plate number; priority franchise application; exemption from the Unified Vehicular Volume Reduction Program (UVVRP) or Number Coding Scheme; provision for free parking spaces in new establishments; and land allocation, zoning and utilization by Local Government Units (LGUs) for electric and hybrid vehicle charging stations.

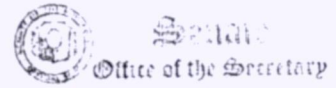
The immediate passage of this bill is earnestly sought.



FRANCIS N. PANGILINAN

² Department of Trade and Industry. E-Vehicles. Available at <http://industry.gov.ph/industry/e-vehicles/>.

SENATE



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AN ACT
PROMOTING ENVIRONMENTALLY SUSTAINABLE TRANSPORT BY
PROVIDING INCENTIVES FOR THE MANUFACTURE, ASSEMBLY,
CONVERSION, AND IMPORTATION OF ELECTRIC AND HYBRID VEHICLES,
INCLUDING CHARGING STATIONS, AND FOR OTHER PURPOSES

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

1 **SECTION 1. Short Title.** - This Act shall be known as the "*Electric and Hybrid*
2 *Vehicles Incentives Act of 2019.*"

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

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

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

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

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

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

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

19 c) *Manufacturer or Assembler* shall mean any individual, partnership,
20 corporation or other entity engaged in the manufacture, assembly and
21 conversion of electric and hybrid vehicles incorporated, organized and
22 existing under Philippine laws.

23 d) *Importer* shall mean any individual, partnership, corporation or other entity
24 engaged in the importation of completely built units (CBUs) of electric and
25 hybrid vehicles incorporated, organized and existing under Philippine
26 laws.

1 e) *Charging Station* shall refer to the element in an infrastructure that supplies
2 electric energy for the recharging of electric and hybrid vehicles.

3 **SEC. 4. Coverage.** - This Act shall cover electric and hybrid vehicles including
4 charging stations but shall not include vehicles powered by gasoline, petroleum, bio-
5 diesel and bioethanol.

6 **SEC. 5. Strengthening Public-Private Partnership for the Promotion of Electric**
7 ***Vehicles and Charging Stations.*** - The Department of Trade and Industry (DTI) shall
8 strengthen its coordination with other government agencies by constituting an Inter-
9 Agency Task Force for the Promotion of Electric and Hybrid Vehicles Including
10 Charging Stations under the Industry Development Council to expedite identification,
11 prioritization, and resolution of issues affecting the entire supply chain of the electric
12 and hybrid vehicle industry by formulating a shared implementation plan and
13 monitoring system.

14 **SEC. 6. Composition of the Inter-Agency Task Force.** - The Task Force shall be
15 composed of the following members:

- 16 a) Secretary, Department of Trade and Industry - Chairperson
- 17 b) Secretary, Department of Transportation - Vice-Chairperson
- 18 c) Secretary, Department of Energy - Vice-Chairperson
- 19 d) Secretary, Department of Finance - Member
- 20 e) Secretary, Department of the Interior and Local Government - Member
- 21 f) Secretary, Department of Science and Technology - Member
- 22 g) Three (3) Representatives from the Electric and Hybrid Vehicle Industry

23 Representatives from other agencies of the government may be invited as resource
24 persons during the meetings of the Task Force.

25 **SEC. 7. Duties and Responsibilities of the Task Force.** - The Task Force shall have
26 the following duties and responsibilities:

- 1 a) Formulate modalities for easier access to financing capital expenditures,
2 operating expenses and retail operations of electric and hybrid vehicle and
3 charging station manufacturers and assemblers;
- 4 b) Develop and implement standards which are aligned with international
5 standards to govern electric and hybrid vehicles including batteries and
6 charging infrastructures;
- 7 c) Review and recommend policy to increase public transport applications for
8 electric and hybrid vehicles nationwide including their use for fleet
9 operations in national government agencies and local government units
10 (LGUs);
- 11 d) Coordinate with LGUs in identifying and allocating land and property
12 within their jurisdiction for use as public charging stations for electric and
13 hybrid vehicles;
- 14 e) Review and recommend appropriate classification for electric and hybrid
15 vehicles and the corresponding parameters for Motor Vehicle Inspection
16 System (MVIS) approval;
- 17 f) Coordinate with the electric power industry stakeholders, particularly the
18 Energy Regulatory Commission (ERC) and electric distribution utilities and
19 cooperatives, in the preparation of their electric systems and network to
20 accommodate the connection of electric and hybrid vehicles charging
21 equipment and stations;
- 22 g) Undertake Information and Education Campaign (IEC) on the economic,
23 social, and environmental benefits of the use of electric and hybrid vehicles;
24 and
- 25 h) Monitor resolution of issues affecting the electric and hybrid vehicle sector
26 and undertake actions as may be determined by the Inter-Agency Task
27 Force.

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

6 The imposition of Value Added Tax (VAT) for the purchase and importation of
7 capital equipment, spare parts, and components used in the manufacture or assembly of
8 electric and hybrid vehicles including charging stations shall be suspended for nine (9)
9 years from the effectivity of this Act.

10 **SEC. 9. *Incentives for Importers.*** – The provision of any special or general law to
11 the contrary notwithstanding, the importation of completely built units (CBUs) of
12 electric and hybrid vehicles shall be exempt from the payment of excise taxes and duties
13 for three (3) years from the effectivity of this Act.

14 **SEC. 10. *Exemption from the Payment of Motor Vehicle User's Charge (MVUC).*** –
15 Electric and hybrid vehicles shall be exempt from the payment of the Motor Vehicle
16 User's Charge (MVUC) imposed by the Land Transportation Office (LTO) under
17 Republic Act No. 8794, otherwise known as "Motor Vehicle User's Charge (MVUC)
18 Act" for nine (9) years from the effectivity of this Act.

19 **SEC. 11. *Non-Fiscal Incentives.*** –

20 1) *Priority in Registration and Issuance of Plate Number.* – Registration and renewal
21 of registration of electric and hybrid vehicles shall be prioritized by the Land

22 Transportation Office (LTO) for nine (9) years from the effectivity of this Act.

23 A special type of vehicle plate to be prescribed by the LTO shall be exclusively
24 issued to all electric and hybrid vehicles upon registration.

25 2) *Priority in Franchise Application.* – Public Utility Vehicle (PUV) operators
26 exclusively utilizing electric and hybrid vehicles shall be granted priority by
27 the Land Transportation Franchising and Regulatory Board (LTFRB) in the

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

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

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

17 5) *Land Allocation, Zoning and Utilization by LGUs for Electric and Hybrid Vehicle*
18 *Charging Stations.* - LGUs shall allocate land and lot space for the construction
19 of EV charging stations to encourage wider deployment of electric and hybrid
20 vehicles in their areas of jurisdiction.

21 **SEC. 12. *Registration, Implementation and Monitoring.*** - The Department of
22 Finance (DOF) and the DTI shall be responsible for the administration and
23 implementation of the incentives granted under this Act.

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

1 **SEC. 13. *Administrative Support.*** - The DTI shall provide overall administrative
2 support to the Task Force by appropriating the corresponding budget needed for the
3 effective implementation of its mandate.

4 **SEC. 14. *Implementing Rules and Regulations.*** - The DOF and the DTI shall
5 promulgate the necessary rules and regulations for the effective implementation of this
6 Act.

7 **SEC. 15. *Separability Clause.*** - If any provision of this Act is declared invalid or
8 unconstitutional, the other provisions not affected by such declaration shall remain in
9 full force and effect.

10 **SEC. 16. *Repealing Clause.*** - All laws, executive orders, administrative orders, and
11 rules and regulations inconsistent with this Act are hereby repealed or amended
12 accordingly.

13 **SEC. 17. *Effectivity Clause.*** - This Act shall take effect fifteen (15) days after its
14 complete publication in the *Official Gazette* or in two (2) newspapers of general
15 circulation.

Approved,