

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City



EIGHTEENTH CONGRESS

First Regular Session

House Bill No. 738

Introduced by **HON. ROZZANO RUFINO B. BIAZON**

EXPLANATORY NOTE

The development of alternative fuels and use of hybrid vehicles running on these fuels presents hope to the literally dimming world of mankind. Fossil fuels – buried under so many layers of earth and trash, perhaps because nature intended such polluting and potentially fatal matter to never be discovered and utilized – which have been choking our people and our children should now be used minimally or not at all.

Many governments have already taken steps to reduce the levels of air pollution in their countries, with very encouraging results. Thailand, India, Korea, Malaysia, Australia, the United States, and many others have been, for years, enjoying the benefits of a less polluted air. It is about time that we, too, advanced the cause of our people over any other concern. The high incidence of pulmonary diseases especially among children living in Metro Manila, dark skies due to smog that seem to forecast doom, respiratory diseases that afflict an increasing number of Metro's residents – these are the symptoms of a progressively dying city. More than at any other time in our history as a nation, our government must now adopt policies and programs to arrest the deteriorating air quality in the country. This bill seeks to address this lack and provide incentives for the continuing adoption and promotion of the use and improvement of hybrid and alternative fuel vehicles.


The use of compressed natural gas (CNG), an alternative fuel, has been pioneered in the country some years back with the use of a few CNG passenger buses plying the Manila-Batangas route, under the Natural Gas Vehicle Program for Public Transport of the Department of Energy, and fueling and refueling thereof made possible through the Shell CNG stations, with fuel extracted from the Malampaya plant. The program, which accorded incentives to the companies who participated, will perhaps be the signal as to whether such program can really take off on a larger scale. We argue, however, that there is need for the government to take a very active role and push for the widespread use of this technology, regardless of the results given by a limited and, therefore, unrepresentative, and only experimental, sample. We argue, further, that it can even, if it wishes to, directly participate in this endeavor, as it has in the past, in many other less worthy, undertakings. The numerous government-owned and controlled corporations, those still existing and those abolished or

privatized, attest to the ability and power of the government to pioneer in, or otherwise influence, the market.

The technology for the use of alternative fuel vehicles is becoming widely available worldwide, such that the hitherto high costs, especially in the initial stage of acquisition, can be expected to go further down in the not too distant future and become more affordable to our bus operators and perhaps, eventually, to our individual car owners.

Despite the passage of Republic Act No. 8749, otherwise known as the Clean Air Act, in 1999, implementation of, and compliance to, the provisions therein remain wanting. Meanwhile, the serious threats to our nation's health remain unabated, like a bomb waiting to explode, much like the fiscal crisis that has hit our country – its symptoms were already manifest long before our government acknowledged it.

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


ROZZANO RUFINO B. BIAZON
Representative
Lone District, Muntinlupa City

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Introduced by **HON. ROZZANO RUFINO B. BIAZON**

AN ACT
TO PROMOTE THE MANUFACTURE, ASSEMBLY, IMPORTATION, SALE,
DISTRIBUTION, USE AND DEVELOPMENT OF HYBRID AND ALTERNATIVE
FUEL VEHICLES BY GRANTING TAX EXEMPTIONS AND PROVIDING
INCENTIVES THEREFOR, AND FOR OTHER PURPOSES

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

SECTION 1. *Title.* – This Act shall be known as the “*Alternative Fuel Vehicles Act of 2019*”.

Sec. 2. *Declaration of Policy.* – It is the policy of the state to safeguard life and the environment by encouraging the use of alternative sources of energy for vehicles intended for public and private use. to this end, the State shall:

- a) Recognize and address the detrimental effects on the environment of fossil fuels;
- b) Safeguard the welfare and health of the people by improving air quality and by reducing the impact of greenhouse gas effects emitted from man-made sources such as vehicles operating on fossil fuels;
- c) Support the need to promote the development of new technology to accelerate social progress and promote human development, and particularly encourage the use of alternative sources of energy on vehicles intended for public and private use in the light of technological innovation, energy efficiency, security and conservation, and cleaner technology; and
- d) Provide necessary incentives to private enterprises and individuals engaged in the manufacture, assembly, conversion and importation of hybrid and other alternative fuel vehicles.

Sec. 3. Definition of Terms. – As used in this Act:

a) Alternative energy sources – refer to energy sources other than petroleum or fossil fuel;

b) Alternative Fuel Vehicle or Alternative Technology Vehicle (AFV) refers to any vehicle using alternative sources of energy such as but not limited to solar, wind, hydrogen fuel cell, compressed natural gas (CNG) or liquefied natural gas (LNG) and liquefied petroleum gas (LPG), other than conventional sources of energy like petroleum and gasoline for propulsion and vehicles which use propulsion other than internal combustion engine;

c) Hybrid vehicles – refer to any vehicle that combines the technologies of using internal combustion engine (ICE) with one or more alternative propulsion systems to gain the advantages of the propulsion systems;

d) Importer refers to any individual, partnership, corporation or other entity engaged in the importation of completely knocked down units (CKD) and completely built units (CBU's) of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws;

e) Manufacturer or Assembler refers to any individual, partnership, corporation or other entity engaged in the manufacture, assembly and conversion of electric, hybrid and other alternative fuel vehicles incorporated, organized and existing under Philippine laws; and

Sec. 4 Fiscal and Non-Fiscal Incentives. – For ten (10) years from the effectivity of this Act, the following incentives shall be enjoyed:

a) Fiscal Incentives:

1. The manufacture, assembly, importation, sale, and distribution of hybrid and alternative fuel vehicles, and the main equipment that will be used in any charging facility shall be exempt from the payment of import duties, excise, value-added, and income taxes arising from such activities;

2. Motorists who trade their used vehicles for electric, hybrid or alternative fuel vehicles shall be exempt from payment of motor vehicle users charge for the hybrid vehicle therein purchased;

3. Motorists who convert their vehicles into electric, hybrid or alternative fuel vehicles shall be exempt from payment of motor vehicle users charge;

4. The manufacture of electric, hybrid and alternative fuel engines of vehicles for public conveyance shall be exempt from payment of taxes for income derived from the sale thereof;

5. An entity or person engaged in the development of electric, hybrid and alternative fuel vehicles for public conveyance shall enjoy exemption from value-added, and import taxes and duties on inputs, and from payment of income tax due on the sale thereof;

6. Electric, hybrid and alternative fuel vehicles shall be exempt from the payment of fees of registration, emission testing and such other regulatory activities, except vehicle insurances, required by the Land Transportation Office (LTO) of the Department of Transportation (DOTr);

7. Electric, hybrid and alternative fuel vehicles using the expressways shall be exempt from payment of toll fees;

8. Fueling/refueling, and charging stations for electric, hybrid and alternative fuel vehicles shall enjoy exemption from the payment of income tax;

9. Transport of electric, hybrid and alternative fuel vehicles on sea vessels shall enjoy a fifty percent (50%) discount on such fees being collected by the government for this purpose;

10. Electric, hybrid and alternative fuel vehicles shall enjoy fifty per cent (50%) discount on parking fees in any and all establishments; and

11. Public conveyances using electric, hybrid or alternative fuel technologies shall enjoy exemption from income tax.

b) Non-Fiscal Incentives

1. The registration and renewal of registration of hybrid and alternative fuel vehicles shall be prioritized by the LTO by providing a special lane therefor;

2. A special type of vehicle plate to be prescribed by the LTO shall be exclusively issued to all these vehicles upon registration;

3. Public utility vehicle (PUV) operators exclusively utilizing hybrid or alternative fuel vehicles shall be granted priority by the Land Transportation Franchising and Regulatory Board (LTFRB) in the approval of applications for franchise to operate, including its renewal;

4. All electric, hybrid and alternative fuel vehicles shall be exempted from any vehicular volume reduction program or number coding scheme being implemented by the government; and

5. All parking buildings and areas of commercial buildings shall provide parking spaces and/or give priority parking slots for hybrid or alternative fuel vehicles.

Sec. 5. Registration, Implementation and Monitoring. – The Department of Finance (DOF) and the Department of Trade and Industry (DTI) shall be responsible for the administration and implementation of the incentives granted under this Act.

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

Sec. 6. Environmental, Safety and Quality Compliance. – All products applying for the incentives provided herein shall comply with the Philippine National Standards and other relevant laws and issuances related to environment, quality and safety.

Sec. 7. Electronic Vehicle Battery Collection, Transportation and Disposal System. – The Department of Environment and Natural Resources (DENR) in coordination with the Department of Trade and Industry (DTI) and Department of Energy (DoE) shall establish a system of informing the end-users of the hazards of batteries used in electronic vehicles and other alternative fuel vehicles especially in collecting, transporting and disposing the same based on the concept of extended producer responsibility. Every battery used in alternative fuel vehicles should contain an information sheet or material safety data sheet. Fees shall be collected from the manufacturer, distributor or marketing agent for every alternative fuel vehicle sale for the purpose of tracking, recovering, recycling and disposing the said batteries.

The DENR shall likewise establish a non-stock and non-profit electronic vehicle waste battery market operator that will manage the collected fund and implement the collection, transportation and disposal of the electronic vehicle waste battery.

Sec. 8. Mandatory Installation of Charging Stations. – Within one year following the effectivity of this Act, all commercial buildings, condominiums, malls, offices and parking buildings or facilities shall be installed with charging stations for hybrid or alternative fuel vehicles.

Sec. 9. *Alternative Fuel Vehicle Program Trust Fund.* – The Alternative Fuel Vehicle Program Trust Fund is hereby created to:

- a) Finance the local research, development, and promotion of the use of hybrid or alternative fuel vehicles; and
- b) Conduct such other activities to carry out the provisions of this Act.

An initial seed fund in the amount of fifty million pesos (P50,000,000.00) shall be established for the said purpose. The Departments of Energy (DOE), and of Science and Technology (DOST), shall manage and administer twenty-five million pesos (P25,000,000.00) each from such fund, subject to existing government accounting and auditing procedures.

The DOE and the DOST are hereby authorized to manage and disburse said funds to be used as grants, study grants, loans, equity investments, loan guarantees, and insurance or to access other local international funds pursuant to the provisions of this Act.

Sec. 10. *Information Dissemination and Education.* – The Departments of Energy (DOE), of Trade and Industry (DTI), of Transportation (DOTr), and of Science and Technology (DOST) are hereby mandated to conduct their respective outreach programs to disseminate information concerning the promotion of the manufacture, sale, distribution, use and development of hybrid or alternative fuel vehicles.

Sec. 11. *Appropriations.* – The amount necessary for the effective implementation of this Act shall be taken from the current fiscal year's appropriation of the DOE and the DOST. Thereafter, such sum as may be necessary for the implementation of this Act shall be included in the annual budget of the DOE and DOST under the General Appropriations Act.

Sec. 12. *Penalty Clause.* – Any violation of the provisions of this Act by a recipient of the incentives granted under Section 4 herein shall automatically cause the cancellation of such incentives and shall be refunded in favor of the government. A government official or employee who violates any provision of this act shall be subjected to the provisions of the Administrative Code or the Anti-Graft and Corrupt Practices Act.

Sec. 13. *Separability Clause.* – If any provision of this Act or the application of such provision to any person or circumstances is declared invalid or unconstitutional, the remainder of the Act shall remain in effect and subsisting.

Sec. 14. *Implementing Rules and Regulations.* – The DTI, the DOE, the DOTr, the DILG, the DOF, the Department of Environment and Natural Resources (DENR), and the DOST shall formulate the rules and regulations necessary for the effective implementation of this Act within six (6) months from its effectivity.

Sec. 15. *Repealing Clause.* – All other issuances, laws, decrees, orders, rules and regulations, or parts thereof inconsistent with this Act are hereby repealed or modified accordingly.

Sec. 16. *Effectivity.* – This Act shall take effect fifteen (15) days following its publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,