

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

SEVENTEENTH CONGRESS
First Regular Session

HOUSE BILL No. 2394

HOUSE OF REPRESENTATIVES	
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Introduced by BAYAN MUNA Rep. CARLOS ISAGANI T. ZARATE

AN ACT
ABOLISHING THE MOTOR VEHICLE USER'S CHARGE, REPEALING FOR THE
PURPOSE REPUBLIC ACT NO. 8794 OTHERWISE KNOWN AS THE MOTOR
VEHICLE USER'S CHARGE, AND RECHANNELING THE SAME FOR THE
ESTABLISHMENT OF A MASS TRANSPORT SYSTEM SUPPORT FUND, AND FOR
OTHER PURPOSES

EXPLANATORY NOTE

Republic Act No. 8794, otherwise Known as the Motor Vehicle User's Charge was enacted primarily to provide government with additional revenue' for the maintenance of national and provincial roads. The road user's tax is the government's third largest source of tax revenues, after the Bureau of Internal Revenue and the Bureau of Customs. From 2001 to 2012, road user's tax collections amounted to some P90.7 Billion. Unfortunately, the Road User's Tax allocation in the national budget has never been itemized making the funds collected from car registration payments remains to be a lump-sum without being subjected to congressional scrutiny.

The amount collected through the MVUC are placed in four special trust accounts in the National Treasury and distributed as follows: (a) Special Road Support Fund, 80%; (b) Special Road Safety Fund, 7.5%; (c) Special Vehicle Pollution Control Fund, 7.5%; and (d) Special Local Road Fund, 5%.

Projects funded by the Special Road Support Fund, Special Local Road Fund and Special Road Safety Fund are under the responsibility of the Department of Public Works and Highways, while, projects funded by the Special Vehicle Pollution Control Fund is under the responsibility of the Department of Transportation and Communication. The management and utilization of these special funds are being overseen by the Road Board, which is specifically mandated to ensure that the special funds are used solely for the purposes defined by RA 8794.

A remnant of the Martial Law-era like spending where the president had total control over state affairs, including public spending, the MVUC is a form of a presidential pork barrel that does not have any congressional oversight. Since it was enacted, the MVUC has been a burden mainly to motorists, especially to those who operate public utility vehicles such as jeepneys, taxis and tricycles. The MVUC further reduces the take home income of lowly operators and drivers already burdened

by rising costs of fuel, toll fees and the proliferation of corrupt traffic officials. This fund has also been marred by countless irregularities as found by the Commission on Audit: billions of pesos used by the Road Board have raised red flags as to the management of the said funds.

In its 2014 audit of the Road Board, the COA noted many deficiencies and irregularities in the management and disbursement of the MVUC, like the failed utilization of the P199 million worth of motor vehicle inspection system (MVIS) equipment, supposedly to manage air pollution. COA stated that *"Despite prior years' audit recommendations, the [MVIS] remained either underutilized or idle, defeating the purpose for their procurement to control and manage air pollution and thus resulting in wastage of government funds."* COA likewise reprimanded the Road Board for having yet to account the P415 million in MVUC funds that have been suspended due to violations on the usage of public funds, and P463 million that have remained unliquidated. All in all, COA disclosed about P1.66 billion of anomalous usage of the MVUC;

Meanwhile, a study conducted by the Philippine Institute for Development Studies (PIDS) also revealed that P112.5 Billion pesos of road users' tax were either mismanaged or misused.

With the problems that still beset the public transport sector, MVUC can instead be tapped for the development and support of a truly public and nationwide mass transport system. The fund can be used to rehabilitate the country's railway system. For example, PNR used to operate over 1,100 km of route from La Union up to Bicol. However, continued neglect in past decades reduced PNR's efficiency and railroad coverage. Aside from PNR, which mainly operates in Luzon, there are two previous railway networks in Panay and Cebu which has ceased to operate decades ago. It is very interesting to note that all developed countries have a robust railway network that is very much essential in transporting goods and people and is a vital cog to their economic development. The government should reorient its mindset in transportation that it should be about moving people and goods and not just vehicles.

With the recent decisions of the Supreme Court such as in *Araullo vs. Aquino* (G.R. No. 209287) and *Belgica vs. Ochoa* (G.R. No. 208566) affirming the role of the legislature's power of the purse, it is high time for Congress to abolish the MVUC and other off-budget and special purpose funds.

Swift passage of this measure is earnestly sought.

Approved,


Rep. CARLOS ISAGANI D. ZARATE
Bayan Muna Party-List

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

SECTION 1. *Declaration of Policy.*—Public funds must be effectively and efficiently allocated for the actual needs of the people. It must be subject to the collective deliberation and scrutiny of communities, local government units and Congress instead of being solely left to the discretion of a single public official.

SECTION 2. *Establishment of a Mass Transport System Support Fund(MTSSF).*—There shall be established a Mass Transport System Development Fund, from which, all remaining funds in the trust account of the Motor Vehicles Users Fund shall be rechanneled into. The MTSSF shall be tapped to support, but not limited to, the following project already under the pipeline of the Department of Transportation and Communications:

- a. Capacity Expansion of the National Motor Vehicle Inspection System
- b. Capacity Expansion of the Philippine National Railways System
- c. Manila Bay-Pasig River-Laguna Lake Ferry Service
- d. Integrated Transport System (South terminal)
- e. Central Spine Roll/On-Roll/Off (RORO)

Moreover, the MTSSF shall be used to support an inter-linked mass transportation program in Luzon, Visayas and Mindanao. It shall also be tapped to support the establishment of railway, bus rapid transit and other mass transport systems in central and strategic areas in Visayas and Mindanao.

In addition to the remaining MVUC funds, the MTSSF shall be maintained by having every Philippine-registered car manufacturing companies share five-percent (5%) of their annual total revenues to the fund.

The Department of Transportation shall administer and ensure the appropriate disbursement of the Fund.

SECTION 3. *Transition of former Road Board employees.* –All employees of the former Road Board shall be absorbed by the Department of Public Works and Highways and other related agencies without diminution of its corresponding salary and other benefits

The former Road Board is hereby directed to submit an omnibus report accounting the total amount of the revenues collected and managed by the Board, including a detailed report of expenses and the outstanding balance of its funds.

SECTION 4. *Repealing Clause.* –Republic Act No. 8794, otherwise known as “*An Act Imposing A Motor Vehicle User’s Charge On Owners Of All Types Of Motor Vehicles And For Other Purposes*” is hereby repealed. All other laws, decrees, orders, circulars, issuances, rules and regulations and parts thereof which are inconsistent with this Act are hereby repealed, amended or modified accordingly.

SECTION 5. *Effectivity Clause* - This Act shall take effect after fifteen (15) days following the completion of its publication in the Official Gazette or in a national newspaper of general circulation.

Approved,