

SEVENTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

HOUSE OF REPRESENTATIVES

H. No. 2603



Introduced by Representative **Vilma Santos-Recto**  
6th District of Batangas

**AN ACT**  
**CREATING THE SPECIAL MASS TRANSITSYSTEM SUPPORT FUND AMENDING**  
**FOR THE PURPOSE SECTIONS 7 AND 8 OF REPUBLIC ACT NO. 8794,**  
**OTHERWISE KNOWN AS THE "MOTOR VEHICLE USER'S CHARGE ACT OF**  
**2000"**

**Explanatory Note**

There are 90.88 Million (90%) of our 100.98 Million<sup>1</sup> population who constitute the riding public. On the other hand, the total number of motor vehicles registered with the Land Transportation Office (LTO) in 2014 reached 8.08 Million, of which 912,584 (11%)<sup>2</sup> are public utility vehicles.

Our nation's transport system relies heavily on the road network which handles approximately 90% of passenger movement and 50% of freight movement,<sup>3</sup> serving priority production areas and population centers.

Since the passage of R.A. No. 8794, also known as the "Motor Vehicle User's Charge (MVUC) Act" in June 2000, the road user's tax has been imposed on owners of all types of vehicles, whether for hire, for private or government use. Based on the 2016 Budget of Expenditures and Sources of Financing, the balance from the collections from Motor Vehicle User's Charge (MVUC) as of December 31, 2014 amounts to P11.44 Billion while the estimated revenues for 2016 amounts to P12.79 Billion.<sup>4</sup>

The increase in the number of motor vehicles has corollarily increased the MVUC collections. However, it has also made the traffic situation in our country worse. John Forbes, senior advisor of the American Chamber of Commerce of the Philippines, stated in an interview that Metro Manila may become "uninhabitable" within four years if roads and other infrastructure are not upgraded immediately as the volume of vehicles sold is expected to surge to 500,000 by 2020.<sup>5</sup>

Metro Manila traffic cost us almost P900 billion in 2015, quantified by wasted time, fuel and lost human productivity, and was logged at 10 percent of the country's gross domestic product.<sup>6</sup>

<sup>1</sup>Philippine Statistics Authority – National Capital Region, "NCR in Figures", <http://www.nso-ncr.ph/> (accessed 6 June 2016)

<sup>2</sup>Land Transportation Office. Annual Report 2014. 03 February 2015.

<sup>3</sup>National Economic and Development Authority, *NEDA MTPDP 2004-2010: Chapter 6: Infrastructure (2004)*

<sup>4</sup>Department of Budget and Management, "Budget of Expenditures and Sources of Financing (Table B.17): Fiscal Year 2016"

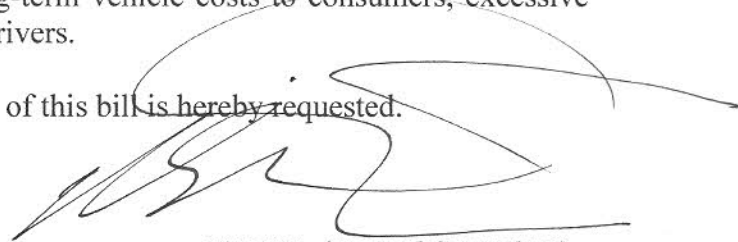
<sup>5</sup>Richmond Mercurio. "Traffic can make Metro Manila uninhabitable in 4 years", <http://www.philstar.com/headlines/2016/01/04/1539050/traffic-can-make-metro-manila-uninhabitable-4-years>

<sup>6</sup>Rey Gamboa. "Make Dream Plan 2030 a Reality", <http://www.philstar.com/business/2016/02/09/1551065/make-dream-plan-2030-reality> (accessed 14 June 2016).

This measure seeks to amend the MVUC Act by realigning funds from the MVUC to the construction, improvement and rehabilitation of our mass transit system. While total reduction of congestion would be impossible, strong efforts to improve the country's much delayed mass transport systems would surely translate into benefits such as increase in productivity, cleaner environment and a healthier population.

The approval of this bill will address the need to provide efficient and effective mass transit system in our country. Expansion and improvement of mass transit has been proven to be cost-effective in developed countries since it addresses concerns on traffic and parking congestion, travel time, costs of roadway and parking facility expansion, safety and traffic accidents, road wear, health and environment, long-term vehicle costs to consumers, excessive energy consumption and limited mobility for non-drivers.

With the foregoing considered, the approval of this bill is hereby requested.

A handwritten signature in black ink, appearing to read 'Vilma Santos-Recto', is written over the end of the text above. The signature is fluid and cursive, with a long horizontal stroke at the end.

**VILMA SANTOS-RECTO**

HOUSE OF REPRESENTATIVES

H. No. 2603

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Introduced by Representative **Vilma Santos-Recto**  
6th District of Batangas

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AN ACT  
CREATING THE SPECIAL MASS TRANSIT SYSTEM SUPPORT FUND AMENDING  
FOR THE PURPOSE SECTIONS 7 AND 8 OF REPUBLIC ACT NO. 8794, OTHERWISE  
KNOWN AS THE "MOTOR VEHICLE USER'S CHARGE ACT OF 2000"

*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 "Special Mass Transit System  
2 Support Fund Act of 2016".

3           **SEC. 2. Disposition of Monies Collected.** - Section 7 of R.A. No. 8794 is hereby further  
4 amended to read as follows:

5                   "SEC. 7. Disposition of Monies Collected. - All monies collected under this Act  
6 shall be earmarked solely and used exclusively [(1)] for [road maintenance and the  
7 improvement of road drainage, (2) for the installation of adequate and efficient traffic  
8 lights and road safety devices, and (3) for air pollution control.] **THE**  
9 **CONSTRUCTION/ IMPROVEMENT/ REHABILITATION OF OUR MASS**  
10 **TRANSIT SYSTEM, INCLUDING THE ACQUISITION OF ROAD RIGHT-OF-**  
11 **WAY FOR SUCH PROJECTS.**

12                   All such monies collected shall be deposited in [four (4)] A special trust account[s]  
13 in the National Treasury, **TO BE KNOWN AS THE SPECIAL MASS TRANSIT**  
14 **SYSTEM SUPPORT FUND.** [namely: (1) Special Road Support Fund; (2) Special Local  
15 Road Fund; (3) Special Road Safety Fund; and (4) Special Vehicle Pollution Control  
16 Fund. The distribution of collections under this Act shall be as follows:

17                   1. Eighty percent (80%) shall be allotted to and placed in the Special Road  
18 Support Fund;

19                   2. Five percent (5%) shall be allotted to and placed in the Special Local Road  
20 Fund;

21                   3. Seven and one-half percent (7.5%) shall be allotted to and placed in the Special  
22 Road Safety Fund; and

23                   4. Seven and one half percent (7.5%) shall be allotted to and placed in the Special  
24 Vehicle Pollution Control Fund.]

1 The Special [Road] **MASS TRANSIT SYSTEM** Support Fund], the Special  
2 Local Road Fund and the Special Road Safety Fund] shall be under the [DPWH, whereas  
3 the Special Vehicle Pollution Control Fund shall be under the] DEPARTMENT OF  
4 TRANSPORTATION AND COMMUNICATION (DOTC).

5 [Seventy percent (70%) of the Special Road Support Fund shall be used for the  
6 maintenance of, and the improvement of drainage of national primary roads. The  
7 remaining thirty- percent (30%) thereof shall be allocated and used for the maintenance,  
8 and improvement of drainage of national secondary roads throughout the country.]

9 [The cost of installation of adequate and efficient traffic lights and road safety  
10 devices throughout the country, where such traffic lights and safety devices are needed,  
11 shall be taken from the Special Road Safety Fund.]

12 A Road Board to implement the prudent and efficient management and utilization  
13 of the special funds shall be organized by the President of the Philippines. The Road  
14 Board shall be composed of seven (7) members, with the secretary of the [DPWH]  
15 **DOTC** as *ex officio* head, and the secretaries of the Department of **PUBLIC WORKS**  
16 **AND HIGHWAYS**, Finance, **AND** Budget and Management, [and the Transportation  
17 and Communication,] as *ex officio* members. The remaining three (3) members shall  
18 come from transport and motorist organizations, which have been in existence and active  
19 for the last five (5) years prior to this Act. They shall be appointed for the term of two (2)  
20 years each by the President of the Philippines upon the recommendation of the secretaries  
21 of the DPWH and the DOTC.”

22 **SEC. 3.** Section 8 of R.A. No. 8794 is hereby further amended to read as follows:

23 “SEC. 8. The [four (4)] special fund[s] established under this Act shall be distinct  
24 and separate from and in addition to any appropriation authorized and granted yearly to  
25 the [DPWH and the] DOTC to cover expenditures for the identified objects of  
26 expenditures under this Act. Congress shall continue to appropriate an amount in the  
27 General Appropriations Act for [road maintenance of the DPWH] **THE**  
28 **CONSTRUCTION, IMPROVEMENT AND REHABILITATION OF THE MASS**  
29 **TRANSIT SYSTEM OF THE DOTC: *Provided, however,*** That any savings for each  
30 year out of such appropriation shall revert to the General Fund. Any savings from the  
31 special fund created herein shall accrue to this special fund.”

32 **SEC. 4. *Implementing Rules and Regulations.*** The Secretary of the DOTC shall  
33 promulgate the necessary implementing rules and regulations within sixty (60) days from the  
34 effectivity of this Act.

35 **SEC. 5. *Separability Clause.*** If any provision of this Act is declared unconstitutional or  
36 invalid, other parts or provision hereof not affected thereby shall continue to be in full force and  
37 effect.

1           **SEC. 6. *Repealing Clause.*** All other laws, orders, decrees, issuances, circulars, rules and  
2 regulations or parts thereof which are inconsistent with any of the provisions of this Act are  
3 hereby repealed or modified accordingly.

4           **SEC. 7. *Effectivity Clause.*** This Act shall take effect fifteen (15) days from the date of  
5 publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved,