REVISED GUIDELINES ON MOTOR VEHICLE ACQUISITION
BY THE LOCAL GOVERNMENT UNITS

Memorandum Circular No. ____________
Date of Issue: ________________

T O : ALL PROVINCIAL GOVERNORS, CITY MAYORS, MUNICIPAL MAYORS, SANGGUNIAN BAYAN MEMBERS, BARMM CHIEF MINISTER, BARMM MINISTER OF LOCAL GOVERNMENT, DILG REGIONAL DIRECTORS, AND OTHERS CONCERNED

In furtherance of the Government Procurement Policy Board Resolution No. 20-2019 (dated September 5, 2019) on Approving the Delisting of Motor Vehicles in the list of common-use supplies and equipment of the Procurement Service, and Presidential Administrative Order (A0) No. 14, issued on December 10, 2018, on “Consolidating and Rationalizing the Rules on the Acquisition of Government Motor Vehicles, Adopting a Centralized System of Procurement Therefor, and For Other Purposes,” and the recently related issuances, the following guidelines are hereby prescribed and/or reiterated:

1.0 GENERAL GUIDELINES

1.1 The term “motor vehicle” shall refer to any of the following:
   a. Any self-propelled, four (4)-wheeled road vehicle, including, but not limited to, sedans, coupes, station wagons, convertibles, pick-ups, vans, assembled owner- or passenger-type jeeps/jitneys/jeepneys, sports utility vehicles (SUV), asian utility vehicles (AUV), crossover utility vehicles (CUVs), multi-cabs, and multi-purpose vehicles (MPVs);
   b. Motorcycles;
   c. Delivery trucks, fire trucks, dump trucks, and buses;
   d. Heavy equipment, such as bulldozers, pay loaders, graders, forklifts, amphibian trucks, and cranes;
   e. All-terrain vehicles, armoured vehicles and specific-purpose vehicles;
   f. Aircraft; and
   g. Motorized bancas, motorized boats, and sea-craft, as may be defined in relevant laws and issuances.

1.2 All local government units (LGUs) covered in this Memorandum Circular are prohibited from acquiring and/or using luxury vehicles for their operations. A luxury vehicle shall refer to any of the following:
   a. Car (sedan or hatchback) with an engine displacement exceeding 2500cc, if gasoline-fed; or 3500cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;
   b. Passenger van or pick-up type vehicle with an engine displacement exceeding 2500cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;
b. Passenger van or pick-up type vehicle with an engine displacement exceeding 2500cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;

c. Asian/Cross-over Utility Vehicle (AUV/CUV) or Multi-Purpose Vehicle (MPV) with an engine displacement exceeding 2500cc, if gasoline-fed; or 2800cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;

d. SUV with an engine displacement exceeding 2700cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders; and

e. Multi-Cab with an engine displacement not exceeding 1500cc.

1.3 LGUs are encouraged to dedicate a percentage of their vehicular requirements to the purchase of motor vehicles using alternative fuel types, such as bio fuels, flexi-fuel, natural gas, and solar and electric power, subject to the limitations prescribed under Section 1.2 of this Memorandum Circular;

1.4 All LGUs must seek prior approval of the Secretary of Budget and Management, or the Secretary of Interior and Local Government, on specific motor vehicles as may be authorized, and that no post-purchase authority will be issued;

1.5 In compliance with Section 18 of Republic Act No. 9184 (Government Procurement Act), motor vehicles intended to be purchased shall not contain a brand name; and

1.6 Strict compliance with budgetary, procurement and auditing laws, regulations and standards shall be observed.

2.0 SOURCE OF FUNDS FOR THE ACQUISITION OF MOTOR VEHICLES

2.1 Motor vehicle purchases may be sourced from the following;

a. Unencumbered local funds that are free from obligation or not yet obligated, but are intended for specific purpose, which may include unobligated loan proceeds in the local treasury, which were taken-up in the books of the LGU as trust fund, for the fulfillment of an obligation or purpose in which the loan was contracted and approved. Other local unencumbered funds, include the following:

1) Local Disaster Risk and Reduction Management Fund provided, that it shall be utilized in the acquisition of motor vehicles and heavy equipment to be exclusively used for response and rescue/relief activities in its Annual or Supplemental Budget, and/or supported by a current Sanggunian Resolution on the utilization of unexpended fund balances in previous years;
2) Portion of the twenty percent (20%) generated from the collection of building permit fees and other charges under the National Building Code (Presidential Decree No. 1096), pursuant to DPWH-DILG Joint Memorandum Circular No. 001, dated July 4, 2013;

3) Portion of the twenty percent (20%) LGU share generated from the collection of fire permits pursuant to the Fire Code Revenues under the DOF-DBM-DILG Joint Circular No. 2015-01 dated February 12, 2015;

4) Cash awards and prizes from award-giving national government agencies or government-controlled corporations, etc.

5) Loan proceeds from lending institutions, provided that the terms and conditions must be specified in the loan agreement entered into by and between the LGU and the lending institution, and is supported by sanggunian resolution per DILG Memorandum Circular No. 2015-52, dated May 11, 2015; and

6) Per Family Payment Rate (PFPR) or PhilHealth Capitation Trust Fund, supported by a local Ordinance or Resolution (PhilHealth Circular No. 010 dated March 14, 2012), and

   b. National government funds under the General Appropriations Act, such as, but, not limited, to Performance Challenge Fund, Local Government Support Fund-Assistance to Municipalities or Other Financial Assistance to LGUs, among others.

2.2 Portion of the twenty percent (20%) of the Internal Revenue Allotment for Development Projects, may be utilized in the acquisition of any of the following heavy equipment (but not for motor vehicles), pursuant to NDRRMC-DBM-DILG Joint Memorandum Circular No. 2013-1, issued on March 25, 2013):

   a. Purchase or repair of appropriate calamity-related rescue operations equipment;
   b. Purchase of post-harvest facilities such as, farm or hand tractor with trailer, threshers and mechanical driers;
   c. Purchase of appropriate engineering equipment such as, dump trucks, graders and pay loaders; and
   d. Purchase of garbage trucks and related environmental sanitation equipment.

3.0 APPROVING AUTHORITIES BY FUND SOURCE(S)

3.1 Local Chief Executives (i.e., Provincial Governors, City Mayors, Municipal Mayors, and Punong Barangays) for the acquisition of the following motor vehicles and heavy equipment, utilizing unencumbered local funds, based on the specification

3.1.1 Specific-purpose vehicles, such as, medical ambulances, military and police patrol vehicles, armoured vehicles, prisoner’s vans, and fire trucks;

3.1.2 Heavy equipment such as, road construction equipment, cargo transport equipment, farm machineries, waste management or environmental sanitation equipment, and other similar vehicles/equipment;

3.1.3 Locally-assembled owner- or passenger-type jeep;

3.1.4 Motorized bancas and/or boats;

3.1.5 Vehicles for mass transport when necessary in the interest of public service; and

3.1.6 Motorcycles and tri-wheel vehicles.

3.2 The Secretary of Budget and Management for the acquisition of motor vehicles and heavy equipment identified in items 3.1 and 3.3, to include multi-cabs, as defined in the DBM-DILG Joint Memorandum Circular No. 2019-2 dated December 18, 2019, utilizing Local Government Support Fund-Assistance to Municipalities or Other Financial Assistance to LGUs and Performance Challenge Fund;

3.3 The Office of the President for the acquisition of all types of aircrafts and seawachts, regardless of fund source, upon the favorable endorsement of the Department of Budget and Management;

3.4 The Secretary of the Interior and Local Government (SILG) for the acquisition of the following motor vehicles, chargeable against local unencumbered funds of provinces and highly urbanized cities:

3.4.1 Car (sedan or hatchback) with an engine displacement not exceeding 2500cc, if gasoline-fed; or 3500cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;

3.4.2 Passenger van or pick-up type vehicle with an engine displacement not exceeding 2500cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;

3.4.3 Asian/Crossover Utility Vehicle (AUV/CUV) and Multi-Purpose Vehicle (MPV), with an engine displacement not exceeding 2500cc, if gasoline-fed; or 2800cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;

3.4.4 Sports Utility Vehicle (SUV) with an engine displacement not exceeding 2700cc, if gasoline-fed; or 3000cc, if diesel-fed; and/or with an engine exceeding four (4)-cylinders;

3.4.5 Multi-cabs with an engine displacement not exceeding 1000cc.
Requests from component cities, municipalities and barangays to purchase any motor vehicles, utilizing local unencumbered funds, shall seek prior approval of the concerned DILG Regional Director.

4.0 DOCUMENTARY AND PROCEDURAL REQUIREMENTS IN THE ISSUANCE OF AUTHORITY TO PURCHASE MOTOR VEHICLES

4.1 Prior to the issuance of authority to purchase motor vehicles, the following documents, in original and/or certified true copy, shall be submitted to the concerned DILG Municipal/City/Provincial Field Office:

4.1.1 Local Chief Executive (LCE)'s letter request stating the number and specific type of vehicle to be purchased, including specifications (i.e., engine displacement, fuel use as to gasoline- or diesel-fed, and number of cylinders), the purpose and deployment for which such vehicle(s) will be used, and official email address where the approved Department Authority may be sent, upon approval;

4.1.2 Certification of Availability of Funds by the Local Accountant or the Head of the Accounting Unit, or in his absence, the Local Treasurer or Budget Officer;

4.1.3 Certified true copy of an Ordinance approving such purchase (i.e., first two and last pages of the said Ordinance and the page indicating the appropriated amount, per vehicle, to be purchased), or

Other legal document to support transfer of funds, a current Sanggunian Resolution on the fund utilization is necessary; in the case of trust funds such as, unexpended DRRM fund balances in previous year(s), funds transferred/donated to the requesting-LGU from higher-level LGUs, government corporations, etc.

4.2 For motor vehicle acquisitions requiring authority from the DILG, all Regional Offices shall review and ensure the completeness of the submitted documents based on the checklist of the aforementioned documentary requirements, and inform the requesting-LGU of any lacking document(s) within three (3) days upon receipt of the said request prior to submission to the DILG Central Office, through the Bureau of Local Government Supervision-Recognition and Awards Division (BLGS-RAD). The Regional Office shall advise the requesting-LGU if the request falls within that LGU authority to approve and need not be submitted to the Central Office, for appropriate action;

4.3 In instances when the requesting-LGU directly submits their Requests for Authority to Purchase Motor Vehicles directly to the Central Office, the BLGS-RAD shall review the same and make the appropriate action; and
4.4 Approval of requests with complete documentation by the SILG will be released by the Central Records Section via PhilPost, an advance copy to be sent through the LGU official email address while the original copy is in transit.

All DILG Regional Officers and the BARMM Minister of Local Government are directed to cause the widest dissemination of this Memorandum Circular to LGUs within their respective areas of jurisdiction.

5.0 REFERENCES

- *Presidential Administrative Order No. 14* (dated December 10, 2018), “Consolidating and rationalizing the rules on the acquisition of government motor vehicles adopting a centralized system of procurement therefor, and for other purposes;” and

6.0 EFFECTIVITY

This Memorandum Circular takes effect immediately.

7.0 APPROVING AUTHORITY

EDUARDO M. AÑO
Secretary