

NINETEENTH CONGRESS OF THE
REPUBLIC OF THE PHILIPPINES
First Regular Session



Senate
Office of the Secretary

'22 JUL 18 P5:00

SENATE
S. B. NO. 739

RECEIVED BY: _____

Introduced by **SENATOR JOEL VILLANUEVA**

**AN ACT RECOGNIZING ALTERNATIVE MODES OF PUBLIC
TRANSPORTATION, PROVIDING REGULATIONS GOVERNING
THEIR OPERATIONS, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Technology has opened up a lot of opportunities to people. It has enabled people from all over the world to communicate with each other and be updated of each other's lives as if no distance divides them.

Technology has also introduced massive changes in the transport sector. One of these changes is the ridesharing model, which is a system that connects private drivers and vehicles with riders seeking rides at an agreed upon price, through the use of an online application or model.¹

In the Philippines, this ridesharing model has also been seen with the entry of ride-hailing companies such as Grab, Joyride, TokTokgo, OWTO, and ePickMeUp.² A study of online sentiments conducted by the Research and Technology Lab found that 46.47% of online Filipinos in Metro Manila prefer Transportation Network Vehicle Service (TNVS) as their primary source of transportation.³

According to a Social Weather Stations (SWS) survey conducted in 2020, 42% of Filipinos not doing home-based work said that going to work is more difficult today

¹ Hahn, Robert and Metcalfe, Robert "The Ridesharing Revolution: Economic Survey and Synthesis " Oxford University Press, Volume IV: More Equal By Design: Economic Responses to Inequality, *accessible at* <https://www.brookings.edu/wp-content/uploads/2017/01/ridesharing-oup-1117-v6-brookings1.pdf> (last accessed: July 1, 2019)

² Philippine News Agency, Transport competition: Get to know more other TNVS players, May 2, 2022, *accessible at* <https://www.pna.gov.ph/articles/1173495> (last accessed July 16, 2022).

³ "Study shows TNVS remain popular among Metro Manila commuters." June 3, 2018, *accessible at* <https://businessmirror.com.Dh/2018/06/03/study-shows-tnvs-remain-Dopular-among-metro-manila-commuter5/> (last accessed July 1, 2019)

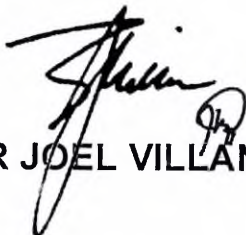
than before.⁴ While the SWS noted a caveat that the survey was conducted at the height of the pandemic when public transportation was still limited, the same remains to be true.⁵ Based on data from the University of the Philippines' School of Urban and Regional Planning, millions of Filipinos rely on public transportation to get to their respective destinations – jeepney (8,959,000) and bus (1,865,000).

Thus, to provide an alternative mode of public transportation and in view of the rising popularity of TNVS, the legal framework on Transport Network Companies (TNCs) and TNVS operations needs to be established.

This bill seeks to address this gap by clarifying the responsibilities of TNC, their liability, and the licenses required of them. Under this bill, a TNC must obtain a permit from the Land Transportation Franchising and Regulatory Board in order to operate. In turn, the TNC must accredit Transport Network Drivers (TNDs) after determining their fitness to act as such. This bill also clarifies that the Transport Network Vehicles (TNVs) do not need to obtain any other permit other than the vehicles' registration with the Land Transportation Office (LTO).

This bill also makes the TNC liable for injuries or death to passengers aboard a TNV for the company's failure to exercise extraordinary diligence in the selection and supervision (as required under this bill) of TNDs. TNCs are also required to maintain an insurance to cover for passenger injuries arising from motor vehicle accidents during a pre-arranged ride in an amount of at least Two Hundred Thousand Pesos (Php200,000.00) per passenger.

Thus, the passage of this bill is earnestly sought.


SENATOR JOEL VILLANUEVA

⁴ Inquirer, SWS: Commuters say going to work much harder now compared to pre-pandemic, *accessible at* <https://newsinfo.inquirer.net/1428748/sws-commuters-say-going-to-work-much-harder-now-compared-to-pre-pandemic> (last accessed July 16, 2022).

⁵ Inquirer, As PH transport crisis worsens, workers say traffic, lack of rides are draining them, June 27, 2022, *accessible at* <https://newsinfo.inquirer.net/1617567/as-ph-transport-crisis-worsens-workers-say-traffic-lack-of-rides-are-draining-them> (last accessed July 16, 2022).

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**AN ACT RECOGNIZING ALTERNATIVE MODES OF PUBLIC
TRANSPORTATION, PROVIDING REGULATIONS GOVERNING THEIR
OPERATIONS, AND FOR OTHER PURPOSES**

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 “Alternative Modes of
2 Transportation Act.”
3

4 **SEC. 2. *Declaration of Policy.*** – It is hereby declared the policy of the State to
5 engage in dynamic technological innovations and allow the provision of affordable
6 transportation options, while guaranteeing the safety and well-being of the riding public.
7

8 **SEC. 3. *Definitions.*** – As used in this Act, the following terms shall mean:
9

- 10 a) **Pre-arranged ride** refers to the provision of transportation by a rideshare
11 network driver to a rideshare network rider beginning when a rideshare network
12 driver accepts a request made by a rideshare network rider by means of a digital
13 network controlled by a transport network company. A pre-arranged ride does
14 not include a shared expense carpool or vanpool arrangement or any other type
15 of arrangement or service in which the driver receives a fee that does not
16 exceed the driver’s costs associated with providing the ride.
17
- 18 b) **Transport Network Company (TNC)** refers to a duly registered sole
19 proprietorship, partnership, or corporation organized under the laws of the
20 Philippines that provides pre-arranged transportation services for
21 compensation by connecting transport network drivers with transport network
22 riders using Internet-based technology application or digital platform
23 technology, including accrediting transport network drivers in accordance with
24 the provisions of this Act.
25
- 26 c) **Transport Network Driver (TND)** refers to an individual who (a) satisfies the
27 requirements provided in Section 5 of this Act, (b) receives requests for
28 prearranged rides from potential passengers by means of a digital network, and

1 (c) uses a rideshare network vehicle to offer or provide a pre-arranged ride for
2 compensation upon connection through a digital network.
3

4 d) **Transport Network Passenger (TNP)** refers to an individual who has obtained
5 an account to use a digital network, or another individual designated by the
6 account holder, to receive a prearranged ride.
7

8 e) **Transport Network Vehicle (TNV)** refers to a vehicle seating less than fifteen
9 (15) passengers, including, but not limited to, any passenger automobile, truck,
10 motorcycle, or similar vehicle, that is owned, leased, rented, or authorized for
11 use by a rideshare network driver and that has been approved by a Transport
12 Network Company to be used for providing prearranged rides.
13

14 **SEC. 4. Permit.** – A person shall not operate a TNC without first having obtained
15 a certificate of accreditation from the Land Transportation Franchising and Regulatory
16 Board (LTFRB) pursuant to this Act. The accreditation shall be valid for two (2) years,
17 unless sooner revoked for reasonable cause and after notice and hearing; *Provided*, That
18 any entity performing the functions of a TNC operating in the Philippines before the
19 effective date of this Act may continue operating pending the issuance of the permit
20 required under this Act; *Provided, however*, That the entity shall immediately cease
21 operation upon denial of its application.
22

23 The permit required under this Section shall be issued to an applicant-TNC that
24 meets the following requirements:
25

- 26 a) Has established a process, consistent with Section 5 of this Act, to enable
27 individuals to become TNDs;
28
- 29 b) Requires criminal history checks and driving history for individuals seeking to
30 become TNDs and complies with all other requirements set by the LTFRB in
31 determining the fitness of TNDs;
32
- 33 c) Provides proof of its compliance with the insurance requirements set forth in
34 Section 7 of this Act;
35
- 36 d) Provides an undertaking to comply with all obligations of a TNC as provided in
37 this Act and its implementing rules and regulations;
38
- 39 e) Pay an accreditation fee of a least Thirty Thousand Pesos (Php30,000.00),
40 which must be paid annually; *Provided*, That such amount may be adjusted
41 upon prior consultation with relevant stakeholders.
42

43 The permit issued under this Section shall be limited to a geographical area as may
44 be prescribed by the LTFRB upon a determination that the services provided by a TNC is
45 necessary therein.
46

47 **SEC. 5. Transport Network Driver Requirements.** – Before allowing an individual
48 to act as a TND, the TNC shall require the individual to provide relevant information,
49 including, but not limited, to the driver's address, age, license number, motor vehicle
50 registration, automobile liability insurance, and such other information as may be deemed
51 necessary in order to determine the applicant's fitness to become a TND; *Provided*, That
52 a TNC shall only permit an individual to act as such if the individual:

- 1
2 a) Has not been convicted of any felony punishable with imprisonment of not less
3 than two (2) years, within the past seven (7) years, as shown by a criminal
4 history report or clearance or other similar document issued by the National
5 Bureau of Investigation (NBI);
6
7 b) Possesses a valid non-professional or professional driver's license, and who
8 has not committed more than five (5) violations of traffic and other related laws
9 and regulations within the last two (2) years;
10
11 c) Provides proof of valid registration for the motor vehicle(s) to be used in
12 providing pre-arranged rides;
13
14 d) Provides proof that the TNV is covered by a third-party liability insurance to
15 cover for passenger injuries in the amount of at least One Hundred Thousand
16 Pesos (Php100,000.00); and
17
18 e) Is at least eighteen (18) years of age.

19
20 *Provided, further,* That in determining the fitness of the applicant-TND, the TNC may:

- 21
22 a) Conduct, by itself or with the assistance of a third party, a criminal background
23 check for each individual;
24
25 b) Request the LTFRB to determine the fitness of the applicant-TND pursuant to
26 the rules and regulations set by the LTFRB; or
27
28 c) Require the submission of other requirements as it may deem necessary and
29 expedient to ensure the fitness of the applicant-TND.
30

31 *Provided finally,* That the TNC shall have the continuing obligation to supervise and
32 assess the performance of all accredited TND, and, if necessary, suspend or revoke the
33 accreditation of a TND.
34

35 For the avoidance of doubt, no further registration shall be required of TNVs, aside from
36 the motor vehicle registration with the Land Transportation Office (LTO).
37

38 **SEC. 6. Identification of TNDs and TNVs.** – A TNC shall ensure that a recent
39 photo of the TND and the license plate of the TNV is displayed to the TNP before the rider
40 enters or boards the vehicle.
41

42 **SEC. 7. Insurance Requirement.** – The TNC shall be required to procure a
43 personal accident insurance to cover for passenger injuries arising from motor vehicle
44 accidents during a pre-arranged ride in an amount of at least Two Hundred Thousand
45 Pesos (Php200,000.00) per passenger.
46

47 **SEC. 8. Liabilities.** –
48

- 49 a) In case of accident, injury, or death of the passenger while aboard the TNV, the
50 TNC shall be civilly liable for failure to exercise extraordinary diligence and
51 reasonable care in the accreditation and supervision of TNDs, except if such
52 act is due to acts or omissions outside of the control of the TNC. For the

1 avoidance of doubt, the liability herein provided is separate and distinct from
2 the civil liability of the TNC imposed in other laws.
3

4 In addition, the TNC shall be liable for an administrative fine of up to One Million
5 Pesos (Php1,000,000.00), depending on the severity of the violation, the
6 number of passengers affected, and other factors as may be determined by the
7 LTFRB in appropriate rules and regulations.
8

- 9 b) A TND is presumed to be negligent when there is breach in the contract of
10 carriage. In case of such breach, the TNC and the owner/operator of the TNV
11 shall be jointly and solidarily liable with the TND.
12

13 **SEC. 9. Operational Requirements. –**
14

- 15 a) The TNC shall ensure that the fare or fare calculation method is disclosed to
16 the TNP at all times, guided by the following principles:
17

- 18 1) There are no maximum fares or rates;
19
20 2) A minimum or flat fare or rate may be charged;
21
22 3) The fares or rates may be based on time and distance;
23
24 4) Fares or rates may adjust dynamically from trip to trip.
25

- 26 b) A TND may travel on any route selected by the TNP, including those with
27 predetermined drop-off and pick-up points, or on a route selected by the TND;
28 *Provided*, That the LTFRB may, when necessary to control traffic and the
29 number of vehicles-for-hire plying the area, limit the number of TNVs operating
30 in an area.
31

32 **SEC. 10. Cap or Limit on Volume of Vehicles. –** There shall be no immediate
33 cap or limit on the number of vehicles that may operate under a TNC, *Provided*, That the
34 Land Transportation Office (LTO), LTFRB, the metropolitan development councils and
35 other pertinent government agencies shall conduct an annual study on the total volume
36 of vehicles plying in an area, the total number of TNVs therein, and their impact on the
37 traffic situation in the area, to determine the reasonableness of the total number of TNVs
38 therein, with due regard to the demand for the continuous operation of such motor vehicles.
39

40 **SEC. 11. Electric Invoices. –**
41

- 42 a) Following the completion of a pre-arranged ride, the TNC and the TND shall
43 ensure that an electronic invoice is transmitted to the TNP, which shall include,
44 but not be limited, to:

- 45 1) The origin and destination of the trip;
46
47 2) The total time and distance of the trip;
48
49 3) The name of the TND; and
50
51 4) An itemization of the total fare paid, if any.
52

1 b) Notwithstanding subsection (a) above, nothing herein shall prevent the TND to
2 directly provide a receipt to a TNP, or to designate the TNC to provide such
3 receipt to the rider.
4

5 c) The Bureau of Internal Revenue (BIR) shall establish mechanisms to ensure
6 that the receipts issued under this Section are compliant with the applicable
7 provisions of the Tax Code on the proper form and issuance of receipts.
8

9 **SEC. 12. Records.** – A TNC and the TND shall keep in its records the individual
10 trip records and the receipts issued therefor for at least five (5) years from the date each
11 trip happened.
12

13 **SEC. 13. Audit Procedures; Confidentiality of Records.** –
14

15 a) For the sole purpose of verifying that a TNC is in compliance with the
16 requirements of this Act, the LTFRB shall have the authority to annually inspect
17 the records of the TNC; *Provided*, That the audit shall take place at a mutually
18 agreed location; *Provided, further*, That such inspection shall be done with due
19 regard to the provisions of the Data Privacy Act of 2012; *Provided, furthermore*,
20 That nothing herein shall prevent the LTFRB, *motu proprio* or upon complaint,
21 from inspecting the records of a rideshare support company, with due regard to
22 the provisions of the Data Privacy Act, unless the disclosure of personal
23 information is necessary for the resolution of the complaint.
24

25 b) Any records furnished to the LTFRB under this Act shall be confidential and
26 shall not be disclosed to any third party unless one (1) or more of the conditions
27 for lawful processing of personal and/or sensitive information under the Data
28 Privacy Act is present.
29

30 **SEC. 14. Limitations on TNC.** –
31

32 a) A TNC shall not be deemed to:
33

34 1) Control, direct or manage the TNDs or TNVs, except as expressly provided
35 in this Act, as agreed by the parties in writing, or the conduct of the parties
36 evinces control over the performance of duties of the TNDs; or
37

38 2) Operate a common carrier.
39

40 b) TNDs shall not be deemed employees of TNCs unless otherwise agreed upon
41 in writing by the parties or the conduct of the parties satisfies the test for
42 determining the presence of an employer-employee relationship; *Provided*,
43 That:
44

45 1) The TNC shall not impose limitations on the number of hours that, and
46 when, a TND must be logged on to the digital network;
47

48 2) The TNC shall not impose areas of assignments to a TND; and
49

50 3) There are no restrictions on the ability of the TNDs to engage with other
51 TNCs.
52

53 **SEC. 15. Enforcement.** –

- 1
2 a) A TNC that has violated any provisions of this Act shall be liable, after notice
3 and hearing, for an administrative fine of up to Five Hundred Thousand Pesos
4 (Php500,000.00), or suspension or revocation of its accreditation as a TNC,
5 upon a determination by the LTFRB that it has committed repeated violations
6 of any provisions of this Act and that the same endangers the public.
7
8 b) In the determination of fines to be imposed under this Section, the LTFRB shall
9 take into consideration the following:
10
11 1) The severity of the violation;
12
13 2) Good faith effort to remedy the violation; and
14
15 3) History of previous violations.
16
17 c) The LTFRB shall resolve to expeditiously process all applications to ensure the
18 continuous and immediate availability of qualified TNDs.
19

20 **SEC. 16. Controlling Authority.** – The LTFRB shall be the lead implementing
21 agency in carrying out the provisions of this Act.
22

23 **SEC. 17. Implementing Rules and Regulations.** – The LTFRB, in consultation
24 appropriate government agencies and with relevant stakeholders, shall issue the rules
25 and regulations necessary to implement the provisions of this Act within ninety (90) days
26 from its effectivity. For the avoidance of doubt, the implementing rules and regulations
27 issued for this purpose shall not impose additional accreditation or permit requirements
28 other than those provided under this Act.
29

30 **SEC. 18. Separability Clause.** – If any section or part of this Act is held
31 unconstitutional or invalid, the remaining section not otherwise affected shall remain valid.
32

33 **SEC. 19. Repealing Clause.** – All provisions of existing laws, presidential decrees
34 or issuances, executive orders, letters of instruction, administrative orders, rules and
35 regulations contrary to or inconsistent with the provisions of this Act are hereby repealed,
36 amended, or modified accordingly.
37

38 **SEC. 20. Effectivity.** – This Act shall take effect fifteen (15) days after its complete
39 publication in the Official Gazette and in at least two (2) newspapers of general circulation.
40

41 Approved,