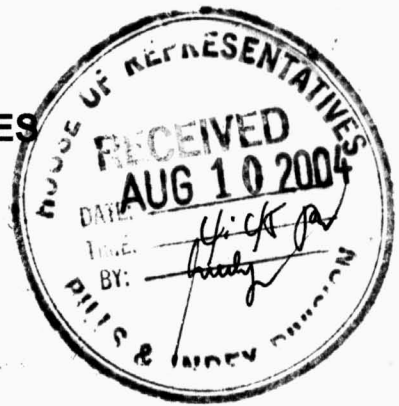


Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

THIRTEENTH CONGRESS

First Regular Session

House Bill No. 2317



Introduced by HONORABLE JACINTO V. PARAS

EXPLANATORY NOTE

The land transportation industry has grown so much since the passage of the organic acts governing land transportation (R.A. 4136 in 1964) and public service (C.A. 146 in 1936). Since then, these laws, as well as the organizational structures, systems and technical expertise of the offices involved have become grossly outmoded and can no longer cope with the explosive development in the industry in the country and in the whole world.

This has resulted in the chaotic state of traffic due to the technical primitivity of existing machinery to respond to problems in the land transportation sector. Coupled with the inability of the government to put its act together in response to crises situations in the land transportation industry, there is now a noticeable slow down in the economic development programmed by national planners for the country.

In view thereof, immediate passage of this bill is necessitated.

JACINTO V. PARAS

A handwritten signature in black ink, appearing to be "Jacinto V. Paras", written over the printed name.

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AN ACT
CREATING THE NATIONAL LAND TRANSPORTATION AUTHORITY,
DEFINING ITS POWERS AND FUNCTIONS, PROVIDING FUNDS THEREFOR
AND FOR OTHER PURPOSES

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

ARTICLE I
TITLE, POLICY AND OBJECTIVES
AND SCOPE OF THE ACT

SECTION 1. Title. - This Act shall be known as the **National Land Transportation Authority (NLTA) Act**.

SECTION 2. Policy and Objectives. - The State shall pursue the development, maintenance and expansion of a viable, efficient, safe and dependable land transportation system as an effective instrument for national development and economic progress through the establishment of a land transport data center, conversion from the adversarial quasi-judicial to administrative procedure using technical and economic criteria in the grant of authority to operate public utility vehicles and the establishment of an integrated authority charged with long term forward planning and implementation to modernize the land transportation system.

The Authority shall absorb and merge the functions of the Land Transportation Office (LTO) and the Land Transportation Franchising and Regulatory Board (LTFRB) as the primary policy planning, programming, coordinating, implementing, regulating and administrative entity of the government in the promotion, development and regulation of a dependable network of land transportation systems.

SECTION 3. Scope of the Act. - The provisions of this Act shall control, as far as they apply to the registration and operation of motor vehicles, licensing of drivers and conductors, issuance of authority to operate public utility vehicles, regulation of the activities of motor vehicle manufacturers, assemblers, importers and dealers to protect consumers, and other related matters.

ARTICLE II
DEFINITIONS

SECTION 4. Words and phrases defined. - As used in this Act;

“Motor Vehicle” shall mean any vehicle propelled by any power other than muscular power intended to be operated or used upon any road or highway. This shall include trailers having any number of wheels attached to a motor vehicle.

“Highway” shall mean the entire width between the boundary lines of every way publicly maintained when any part thereof is open to the use of the public for the purpose of vehicular travel.

“Owner” shall mean any person or entity in whose name the motor vehicle is registered with the Authority. The owner of a motor vehicle owned by the government or government-controlled corporation shall be the office, agency or bureau to which the vehicle belongs.

“Component” shall mean any part of a motor vehicle such as engine, chassis and body or parts thereof.

“Dealer” shall mean any person or entity engaged in the manufacture, assembly, importation, buying selling, and rebuilding of motor vehicles or its components.

“Director General” shall mean the actual head of the Authority appointed by the President pursuant to this Act.

“Deputies” shall mean the organic and duly authorized representatives of the Director General to carry out the provisions of this Act.

“Agents” shall mean the duly designated representatives of the Director General authorized to assist in enforcing the provisions of this Act.

“Parking or parked” means that the motor vehicle has been brought to a stop on the shoulder or proper edge of a highway, and remains inactive in that place or closed thereto for an appreciable period of time. A motor vehicle which properly stops merely to discharge a passenger or to take in a waiting passenger, or to load and unload a small quantity of freight with reasonable dispatch shall not be considered as “parked” if the motor vehicle again moves away without delay.

“Driver” shall mean any person who is in actual physical control of a motor vehicle in operation.

“Professional Driver” shall mean any person hired or paid to operate a motor vehicle whether for private use or for hire to the public. Any person driving his own motor vehicle for business or for hire is a professional driver. Nothing in this definition shall prevent a professional driver from operating a private vehicle without compensation.

“Non Professional Driver” shall mean any person operating any vehicle except a public utility vehicle, without compensation.

“Student Driver” shall mean every and any person learning to drive or operating a motor vehicle who shall, at all times when operating a motor vehicle, be accompanied by a duly licensed driver.

“Conductor” shall mean a person assisting the driver of a public utility vehicle to ensure the safety of cargoes and/or passengers while said vehicle is in operation.

“Certificate of Public Convenience” shall mean the authorization issued by the Authority for the operation of land transportation services for public use as required by law.

“Authorized Route” shall mean the approved origin and destination points linked by a chain of highways and streets open for public use over which the service is authorized.

“Public Utility Operator” shall mean the registered owner of the motor vehicles authorized for public utility operation by the Authority.

“Abandonment of service” shall mean the suspension or cessation of service by a public utility operator in its authorized route or portions thereof. A partial abandonment of service is presumed when a public utility operator fails to field the authorized number of units on a route after due notice from the Authority.

ARTICLE III CREATION, POWERS AND FUNCTIONS

SECTION 5. Creation. - The National Land Transportation Authority is hereby created, hereinafter referred to as the Authority, which shall be attached to the Department of Transportation and Communications for purposes of policy coordination.

SECTION 6. Powers and Functions. - To accomplish its mandate and objectives, the Authority is authorized to:

- (a) Prepare the National Land Transportation Development Program for approval by the NEDA Board; evaluate and package projects and investment program; and for this purpose, may call on any agency or organization whether public or private whose development plans include land transportation as integral part thereof, to participate in the preparation and implementation of such programs;
- (b) Enter into contract with domestic and foreign companies for services and products duly approved in the National Land Transportation Development Program;
- (c) Promulgate and enforce standards and regulations requiring operators of public utility land transportation services to equip, install facilities and technologies that will provide safety, comfort and convenience to persons and property in their charge, as well as those within their areas of operation;
- (d) Issue, amend, revise, suspend or cancel certificates of public convenience or permits authorizing the operation of public utility land transportation services, and to prescribe the appropriate terms and conditions therefore, and regulate the operation of land transportation;
- (e) Identify, establish and prescribe routes and types of land transportation services, economically and technically viable capacities, zones of operation, adjust fares, freight rates and related charges.

- (f) Accredit and regulate the activities of motor vehicle and component manufacturers, assemblers, importers and dealers, the operation of driving schools, inspection stations for safety and smoke emission, clinics and laboratories to conduct medical and psychological tests including alcohol and drug testing;
- (g) Establish rules and regulations for the inspection and registration of motor vehicles; issuance, suspension and revocation of drivers' licenses and permits; type approval for safety standards of motor vehicles and accessories; issuance of motor vehicle identification plates and validating stickers;
- (h) Arrest violators of the land transportation laws; issue *subpoena* and *subpoena duces tecum* to compel the appearance of motor vehicle owners, drivers and other persons; and use all reasonable means within the law to secure the enforcement of this Act;
- (i) Fix, impose, collect, periodically review and adjust reasonable fees and other related charges for services rendered, as well as administrative fines for violations of pertinent laws, rules and regulations, decisions and rulings;
- (j) Compile, maintain and manage an integrated data center on land transportation with appropriate communication linkages for planning, implementation and reporting including a uniform traffic violation, accident and stolen motor vehicle reporting system; and
- (k) Perform such other powers and functions as may be provided by law.

SECTION 7. Governing Body. - The governing board and policy making body of the Authority shall be vested in the Board of Directors composed of the following:

- (1) Secretary of the Department of Transportation and Communications (DOTC)
- (2) Director General of the National Land Transportation Authority (NLTA) appointed by the President as Chief Executive Officer;
- (3) Secretary of the Department of the Interior and Local Government (DILG)
- (4) Secretary of the Department of Public Works and Highways (DPWH)
- (5) Secretary of the National Economic Development Authority (NEDA)
- (6) Consumer organizations' representative appointed by the President
- (7) Transport organizations' representative appointed by the President

The Board shall meet at least once a month and hold special meetings upon the call of the Chairman or any four members of the Board. A simple majority shall constitute a quorum to transact business and a vote of at least a simple majority of the members present at which there is a quorum shall be valid.

The Chairman and members of the Board shall be entitled to allowance and per diem in accordance with the existing policies, rules and regulations on the matter.

ARTICLE IV ADMINISTRATION

SECTION 8. Executive Officers. - The Authority shall be managed by a Director General with the rank, salary and qualifications equivalent to a department undersecretary who must have sufficient knowledge and background in transportation management.

- (a) The Director General shall be assisted by one (1) Deputy Director General with the rank, salary and qualifications equivalent to an Assistant Secretary, and four (4) Assistant Director Generals for Administration and Finance; Plans and Operations; Public Utilities; and Law Enforcement and Adjudication – with the rank, salary and qualifications of a Director IV, a Career Executive Service Officer and possessing at least 10 years practice in land transportation administration and postgraduate degree in management or equivalent.
- (b) The Regional Offices shall be headed by a Regional Executive Director with the rank, salary and qualifications of a Director IV and Career Service Officer, assisted by two (2) Assistant Regional Directors with the rank, salary and qualifications of a Regional Director III and a Career Executive Service Officer one for Operations and the other for Administration and Finance, each with a postgraduate degree in management or equivalent, and at least ten (10) years practice in land transportation administration.
- (c) The District Offices shall be headed by a District Director with the rank, salary and qualifications of a Director I with a postgraduate degree in management and at least ten (10) years experience in land transportation administration.
- (d) The above-named executive officers of the Authority shall be appointed by the President upon recommendation of the Board. Within five (5) years from appointment thereof, such officers shall apply and qualify for appointment as Career Executive Service Officers (CESO), with the exception of Director General who shall serve at the pleasure of the President.

SECTION 9. Functions of the Director General. As Chief Executive Officer of the Authority, the functions and responsibilities of the former heads of the LTO and LTFRB as provided under R.A. 4136 and C.A. 146, as amended, are hereby deemed transferred to, vested in, and exercised by the Director General, including the following:

- (1) Implement, enforce and apply the policies, programs, guidelines, procedures, rules and regulations promulgated, prescribed, issued and adapted by the Authority;
- (2) Manage the affairs of the Authority and ensure the smooth operational efficiency of the national land transportation system;
- (3) Sign contracts, approve expenditures, appoint and discipline employees below the level of presidential appointees;
- (4) Submit an annual budget and report to the Board;
- (5) Undertake research, studies, investigations, projects and other related activities, and submit reports and recommendations to the Board for its information and or approval; engage the services of experts/consultants either in full time or part time basis as may be required in the performance of his functions and duties as maybe determined by him subject to the approval of the Board;

- (6) Do any act or thing for the proper operation and administration of the Authority, and
- (7) Perform such other functions and duties as the Board may assign from time to time.

SECTION 10. Staffing Pattern. The Director General, subject to the approval of the Board, shall determine the staffing pattern, the number of personnel and field offices of the Authority, the functions of the central office staff, the regional and district offices; define their duties and responsibilities and, fix their qualifications, salaries and other emoluments.

The Board shall act on the recommendation within thirty (30) days from its submission and the same shall be implemented within 90 days from approval thereof.

SECTION 11. Appointment and Discipline of Personnel. All officials of the Authority, except those appointed by the President, shall be selected and appointed on the basis of merit and fitness as established in a merit system program of the Authority consistent with Civil Service laws and regulations.

The appointment of regional and district officials except those to be appointed by the President may be delegated by the Director General to the Regional Executive Director. Except for the Director General, all officials to be appointed by the President shall be recommended by the Board.

The power to discipline employees resides with the Director General. Appeals on the decision of the Director General may be submitted to the Board for reconsideration. Decisions of the Regional Directors may be appealed with the Director General.

ARTICLE V

Finances

SECTION 12. Sources of Funds. The Authority shall retain at least thirty five (35%) percent of its revenue collections to pay for its annual operations and capital expenditures.

Subject to the approval of the NEDA Board, the Authority may contract loans, grants, credits and other indebtedness as it may deem necessary to carry out the purposes of this Act. The obligations shall be the sole liability of the Authority unless guaranteed by the Republic of the Philippines.

SECTION 13. Exemption From Duties and Taxes. The importation of equipment, machineries, software, accessories and materials used directly in the operation of the Authority, otherwise not available locally on favorable terms, are exempted from all direct and indirect taxes, duties, fees, imposts and other charges and restrictions, the provisions of existing laws to the contrary notwithstanding.

ARTICLE VI

Regulation of Public Utility Vehicles

SECTION 14. Administrative Permits. Notwithstanding the provisions of any law to the contrary, the issuance of permits to operate public utility vehicles shall be administratively processed based on technical and economic criteria established under the rules the Authority shall promulgate with the approval of the Board.

Without prejudice to the provisions of R.A. 7160, otherwise known as the Local Government Code of 1991, the permit to operate public utility vehicles shall be issued by the Authority.

SECTION 15. Operation of Public Utility Vehicles. No motor vehicle shall operate as a public conveyance or for hire without being issued a permit to operate by the Authority.

All existing franchises and permits issued prior to the effectivity of this Act shall remain valid up to the date of its expiry as indicated in the certificate or permit. Any subsequent transaction related thereto shall now be processed and issued pursuant to the rules and regulations of the Authority.

SECTION 16. Rate Fixing. For purposes of fixing the rates of public utility vehicles, the Authority shall undertake the necessary technical and economic studies subject to the approval of the Board and the concurrence of the NEDA.

SECTION 17. Appeals. Any decision related to the issuance of permits and orders in whatever form by the Director General may be appealed to the Board within fifteen (15) days from the date of receipt. Decisions and orders issued by officials properly delegated to issue permits may be appealed to the Director General within fifteen (15) days from date of receipt.

In all cases where the aggrieved parties are not satisfied with the resolution of the Authority may appeal the same to the President of the Philippines for final administrative disposition.

SECTION 18. Disposition of Impounded Vehicles. All motor vehicles impounded, including all accessories confiscated which are abandoned by their owners for failure to pay the fines and/or serve the penalties imposed thereon within six (6) months, shall be sold and disposed of by the Authority through public auction.

- (a) The owners of said impounded vehicles shall be given appropriate written notice on the auction sale with the option to redeem said property after paying all charges within fifteen (15) days from receipt of such notice, or to participate in the public auction. The proceeds of the public auction shall be applied to all liens, fines, fees and penalties accruing in favor of the Authority provided that the remainder shall be returned to the registered owner.
- (b) An impounded vehicle without a known owner or lawful claimant, or after three notices in newspapers of national circulation, shall be sold at public auction after publication of the notice of public sale. The proceeds thereof shall be applied to the lien of the government with the remaining amount credited to the Authority for use in its law enforcement activities.

ARTICLE VIII

Transitory Provisions

SECTION 19. Abolition. The Land Transportation Office (LTO) and the Land Transportation Franchising and Regulatory Board (LTFRB) in the Department of Transportation and Communications are hereby abolished. The properties, assets and liabilities, all powers and duties, rights and choses in action, vested by law and exercised by said abolished offices and its predecessors are hereby transferred to the Authority.

SECTION 20. Holdover Functions. In order to ensure the smooth transition into the structure of the Authority, all officers and employees of the defunct LTO and LTFRB shall continue to exercise their usual functions, duties and responsibilities unless otherwise directed.

The Authority shall ensure that all present employees of the abolished agencies shall be accommodated without diminution of their salaries as a result of the reorganization. Officials and employees who opt to retire during the reorganization shall receive, in addition to retirement benefits and pensions granted under the existing retirement law, an additional ten percent separation pay computed on their last salary multiplied by the number of years in the service.

SECTION 21. Saving Clause. All orders, rules and regulations, permits, licenses, decisions, and privileges issued, made, granted or allowed to become effective by the former LTO and LTFRB or its predecessors, shall continue to be in effect according to their terms until modified, terminated, superseded, set aside or repealed by the Authority.

ARTICLE IX

Penal and Other Provisions

SECTION 22. Penalties for Violations. The Authority, subject to the approval of the Board, shall issue guidelines and schedule of fines and penalties for violations committed under this Act.

SECTION 23. Penalties for Other Offenses. The conviction of any person for any offense under this Act shall not bar his prosecution for any other offenses which may have been committed by such person concurrently with the commission of the offense of which he was convicted or in doing the act or series of acts which constituted the offense of which he was convicted.

SECTION 24. Duties of Clerks of Court. It is hereby made the duty of Clerks of Court of the Regional Trial Courts and Municipal Trial Courts trying traffic violation cases to certify to the Authority the result of any case, whether criminal or civil, involving violations of this Act, or other laws and ordinances relating to motor vehicles. Said certificate shall specifically contain the name of the driver and owner of the vehicle involved, his address, number of his license and/or vehicle certificate of registration, the date thereof and the offense for which he was convicted or acquitted.

ARTICLE X

Collection of Fees; Taxes; Toll Fees

SECTION 25. Collection of Fees, Taxes, Toll Fees. The collection of all fees, taxes and fines under the provisions of this Act shall be made in accordance with the regulations prescribed by the Authority subject to the approval of the Board.

- (a) No taxes or fees other than those prescribed in this Act shall be imposed for the registration or operation or on the ownership of any motor vehicle, or for the exercise of the profession of a driver, by any local government, the provisions of any charter to the contrary notwithstanding; provided however that any provincial board, city or municipal council or board or other competent authority may enact or collect such reasonable and equitable toll fees for the use of such bridges and ferries within their respective jurisdiction as may be authorized and approved by the proper authorities, and also for the use of such public roads as may be authorized by the President of the Philippines upon recommendation of the proper authority.

- (b) **Lien Upon Motor Vehicles.** Any unpaid or delinquent balance of fees for registration and all fines imposed upon any motor vehicle shall constitute a first lien upon the motor vehicle. The Director General is hereby vested with the authority to issue a warrant of constructive or actual distraint and/or levy on any motor vehicle who has any unpaid or delinquent vehicle registration upon due demand by the Director General or his deputies executing such warrant, the owner of such vehicle shall surrender the same at the time and place demanded, except when the attachment or execution is under any judicial process.

Any owner of such vehicle who fails or refuses to surrender any such motor vehicle shall be punished by a fine not exceeding the amount of the fees, including penalties and interest, if any, for the collection of which such warrant has been issued, together with the cost and interest if any, from the time of such surrender.

ARTICLE XI

Final Provisions

SECTION 26. Local Ordinance. No local government shall enact or enforce any ordinance or resolution in conflict with the provisions of this Act, within their respective territorial jurisdiction and the provisions of any charter to the contrary notwithstanding.

SECTION 27. Appropriations. During the transition, to carry out the provisions of this Act, the amount equivalent to fifteen percent (15%) of the collection for the year is hereby appropriated and retained by the Authority in addition to the appropriations provided in the General Appropriations Act for the LTO and the LTFRB.

SECTION 28. Separability Clause. If for any reason, any section or provision of this Act is declared unconstitutional or invalid, the other sections or provisions hereof which are not affected shall continue to be in full force and effect.

SECTION 29. Repealing Clause. All acts, decrees, orders and instructions or parts thereof inconsistent with the provisions of this Act are hereby repealed and modified accordingly.

SECTION 30. Effectivity. This Act shall take effect thirty (30) days after approval and publication in the Official Gazette.

Approved.