

**Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila**

**SEVENTEENTH CONGRESS
Second Regular Session**

HOUSE BILL No. 6089



Introduced by: REP. CRISTAL L. BAGATSING

EXPLANATORY NOTE

In the realm of the changing world, the Philippines would want to adopt a technological change in one of its sectors, the transportation. Sometime in 2015, UBER and GRAB had entered in the Philippines market introducing its ride sharing applications to its passengers and drivers, by connecting online for a ride sharing.

Its fare price were as competitive as taxi, however its application is predetermined as to how much the riding public is going to pay. Taxis and the Transport Network Companies (TNCs) have almost similar services but different in business models. In which case, the public in most cases, would prefer these TNCs.

The Land transportation Franchising and regulatory Board (LTFRB) provided guidelines for the acceptance of applications to operate Transport Network Vehicle Services (TNVS), duly introduced by the the Department of Transportation and Communication (DOTC) in 2015.

With the growing complexities of these TNCs, and with the merging existing of some applications aside from UBER and GRAB, that is allegedly already operating in the country like: Wunder.org, GoBounce.ph, Angkas.com, etc. it became threatening to the franchising and regulatory purpose of the LTFRB.

With the suspension of LTFRB of accepting application of these TNVS in 2016, these TNCs would rather come on stage to continue with their services despite the suspension. However, the author believes in the regulations of these TNCs, especially in promoting the general welfare of the people.

This bill provides for a stand that calling for a proper regulations of the appropriate government agency that would help promote the general welfare, by providing safety and convenience. To regulate the very purpose of what ride-sharing is all about. To provide system that would monitor operators and driver.

With these, immediate approval of this proposed measure is earnestly sought


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AN ACT
PRESCRIBING THE REQUIREMENTS AND STANDARDS FOR THE OPERATION OF
TRANSPORTATION NETWORK COMPANIES, PROVIDING PENALTIES FOR
VIOLATION THEREOF, AND FOR OTHER PURPOSES.

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

SECTION 1. Short Title. – This Act shall be known as the “Transportation Network Service Act.”

SEC. 2. Definition of Terms - As used in this Act.

- (a) “*Board*” shall refer to the Land Transportation Franchising and Regulatory Board (LTFRB).
- (b) “*Passenger*” shall mean an individual who uses a transportation network company’s service connect to a driver for transportation network services, including all other persons who accompany said individual for the duration of such service.
- (c) “*Personal vehicle*” shall mean a motor vehicle that is not a public utility vehicle as defined in Republic Act No. 10586 and other related laws.
- (d) “*Service Platform*” shall mean system that permits the pre-arrangement of transportation network services, through the use of internet or online application software;
- (e) “*Transportation network company (TNC)*” shall mean any person natural or juridical doing business in the Philippines, that provides pre-arranged transportation services for compensation using an internet -based application or digital platform technology to connect passengers and drivers using their personal vehicles.
- (f) “*Transportation network driver (TND)*” shall mean an individual who (i) satisfies the requirements as provided in Section 15 of this Act; operates a personal vehicle to engage in transportation network services for compensation; and
- (g) “*Transportation network vehicle services (TNVS)*” shall mean transportation of a passenger that is pre-arranged with a TND through the use of a TNC’s service platform. The TNVS begins from the moment the TND accepts a request for transportation on the TNC’s service platform and ends when the TND completes the transaction on the service platform or when the trip is complete and the passenger exits the TND’s vehicle, whichever is later.

SEC. 3. *Nature of Transportation Network Companies and Drivers.* – TNCs and TND's are governed exclusively by this Act and shall not be subjected to any rate, entry, operational, or common carrier requirements, other than those requirements expressly set forth in this Act.

CHAPTER II

REGULATION OF TRANSPORTATION NETWORK COMPANIES

SEC. 4. *Issuance of Permits to TNCs.* – Any natural or juridical person, shall not be allowed to operate a transportation network company without first obtaining a Permit from the Board upon compliance with the requirements set forth by this Act and other reasonable conditions as may be provided by the Board.

SEC. 5. *Application for Permit.* – The Board shall grant a Permit to a TNC upon determination that all of the following requirements are met:

- (a) Submission of application in the form prescribed by the Board. The application shall include the applicant's name, address, tax identification number, and any other information that the Board may deem necessary to assess the applicant's qualification;
- (b) Submission of addresses of Principal place of business and its satellite offices.
- (c) Submission of TNC's patent number or logo for proper identification.
- (d) Proof that the applicant is licensed to do business in the Philippines if the applicant is a foreign corporation;
- (e) Resident agent for purposes of service of process in the Philippines; and
- (f) Payment of an application fee to be set by the Board upon filing of the application.

The applicant shall notify the Board of any material change in the information included in the application not later than fifteen (15) days after the change occurs. The Board shall prescribe a form for the disclosure of material changes.

SEC. 6. *Term and Renewal of Permit.* – A permit issued by the Board shall be valid for a period of two (2) years unless sooner revoked by the Board for any of the causes provided under Section 19.

The Board shall prescribe the form and requirements necessary for the renewal of a permit.

CHAPTER III

OPERATION OF TRANSPORTATION NETWORK COMPANIES

SEC. 7. *Requirements for Transportation Network Companies.* –A transportation network company shall;

- (a) Create an application process for a person to apply for registration as a transportation network driver;
- (b) Maintain an updated database of the TNC's transportation network drivers;
- (c) Maintain a website with the following information:
 - i. The TNCs customer service telephone number and/or electronic mail address;
 - ii. The TNC's zero tolerance policy prohibiting any TND from using drugs or alcohol rendering them incapable of driving safely while engaged in TNVS on is logged on the TNCS.
The TNC shall establish the complaint procedure; to conduct investigation; and to maintain records for enforcement
 - iii. The TNC's service complaint about their TND and its procedure for reporting

- (d) Conduct, or have a third party conduct, a safety inspection of the personal vehicle that a TND will use before the motor vehicle may be used to provide transportation network services and ensure compliance with the TNC's vehicle safety policy established under Section 8 of this Act; and
- (e) Maintain an insurance policy as required under Section 13 of this Act.

SEC. 8. *Vehicle Safety Policy.* - TNCs shall adopt a vehicle safety policy to ensure the comfort and security of passengers using transportation network services. Such policy shall observe the following minimum standards;

- (a) The vehicle must not have a seating capacity of more than ten (10) persons, including driver;
- (b) The transportation of passengers in numbers exceeding the manufacturer's designed seating capacity shall be prohibited, notwithstanding the state's policy of encouraging ride-sharing;
- (c) The vehicle must be road-worthy and compliant with vehicle emission standards but, in any case, not be more than seven (7) years old from date of manufacture; and
- (d) The vehicle must be equipped with proper tools and equipment.

Any vehicle found to be in violation of any of the provision above stated shall fine the TNC under Section 19 of this Act.

SEC. 9. *Fare Setting and Disclosures.* A TNC Is hereby authorized to set fares but shall disclose the fare calculation method, the applicable rates being charged, and the option for an estimated fare to passenger before the passenger arranges a trip with a TND, But in no way the TND shall refuse any trip by reason of fare price. If a TNC utilizes dynamic pricing to incentivize drivers in an effort to maximize the supply of available vehicles on the service platform to match the demand for rides and increase reliability, the service platform must:

- (a) Provide clear and visible indication that dynamic is in effect prior to requesting a trip;
- (b) Include a feature that requires passengers to confirm that they understand that dynamic pricing will be applied in order for the trip request to be completed; and
- (c) Provide a fare estimator that enables the user to estimate the cost under dynamic pricing prior to requesting the trip.

Within a reasonable time after the completion of a trip, a TNC shall transmit an electronic receipt to the passenger's electronic mail address or mobile application containing the origin and destination of the trip, the total time and distance of the trip, and breakdown of the total fare paid, if any

SEC. 10. *Identification of Transportation Network Drivers and Vehicles.* TNCs shall make available to each prospective passenger, on its service platform, the photograph of the TND and the license plate number, registration number, and description of the TND's vehicle. TNDs shall display recognizable external markers on the vehicle at all times it is being used to provide transportation network services.

SEC. 11. *Confidentiality of Passenger Information.* - TNCs shall not disclose a passenger's personally identifiable information to any other person unless;

- (a) The passenger consent to the disclosure;
- (b) The disclosure is required by a legal obligation; and
- (c) The disclosure is necessary to protect or defend the terms of use of the service or to investigate a violation of those terms.

In addition, a TNC shall be permitted to share a passenger's name and telephone number with a TND for the sole purpose of facilitating communication between the passenger and the driver regarding prearranged trips. TNCs shall prohibit the use by TNDs of a passenger's name,

telephone number, or other personal information for any purpose other than those listed in this Section. TNCs shall also prohibit TNDs from contacting their passengers for any other purpose than securing their location or to discuss other matters related to the transportation of the passenger.

Pen name or alias shall not be allowed, it shall be the responsibility of the TNC to require the passenger any other identification card to ensure the passenger name.

SEC. 12. Requirements for Transportation Network Drivers. – An individual may submit an application to a TNC for registration as a TND.

- (a) Before approving an application, a TNC shall:
 - (i) Require the individual to submit an application that includes at least all of the following:
 - a. The individual's name, address, and age;
 - b. Information on the individual's driver's license;
 - c. Proof of motor vehicle registration for the personal vehicle the individual will use to provide TNVS through the TNC.
 - d. Proof of availability of an off-street parking space for the vehicle that he will use to provide TNVS; and
 - e. Proof of motor liability insurance coverage as required under Section 13 of this Act.
 - (ii) Conduct a review of the individual's driving history; and
 - (iii) Conduct, or have a third party conduct, a criminal background check for the individual.
- (b) A TNC shall not approve an application submitted under subsection (a) of this Section and shall disqualify an applicant who;
 - (i) Is below twenty-one (21) years of age;
 - (ii) As shown in the criminal background check required under subsection (a)(iii) of this Section, has been convicted within past five (5) years of any felony;
 - (iii) As shown in the driving record review required under subsection (a)(ii) of this Section, has been found to have committed, within three (3) years prior to the application, any violation of laws, rules and regulations governing land transportation;
 - (iv) Does not possess a valid driver's license;
 - (v) Does not possess proof of motor vehicle registration; or
 - (vi) Does not possess proof of motor vehicle liability insurance.
- (c) A TNC shall permanently disqualify an applicant who;
 - (i) Makes a material misrepresentation in his or her application;
 - (ii) Submits falsified documents; or
 - (iii) Has been convicted for reckless imprudence resulting in serious physical injuries or homicide or destruction of property.

A person whose application as TND has been approved shall be issued a TND Certificate which shall contain the name, address and picture of the driver, and the registration plate number of the vehicle that he will use. The form of the certificate shall be approved by the Board.

Nothing in this Section shall be interpreted to prevent the LTFRB from imposing additional standards.

SEC. 13. Insurance Requirements. – TNCs and TNDs shall both maintain insurance policies to cover claims for incidents involving vehicles and drivers while they are providing transportation network services. The Board shall determine, upon consultation with stakeholders,

the insurance coverage, including the types of coverage and the limits for each coverage that TNCs shall maintain during the validity of their permit.

In every instance where insurance maintained by a TND has lapsed, failed to provide the required coverage, denied a claim for the required coverage, or otherwise ceased to exist, the insurance maintained by a TNC shall provide the required coverage. Any clause that provide for the exemption of TNC shall be an absolute nullity.

A TNC shall neither require nor include a hold harmless or indemnification clause in the terms of agreement with a TND. Such clause, if included in the agreement, shall be an absolutely nullity.

In the event of an accident, a TND shall provide insurance coverage information directly to interested parties, insurers, and investigation police officers, upon request.

SEC. 14. *Street Hails.* - A TND may not solicit or accept street hails or otherwise provide transportation for compensation that are not pre-arranged through a TNCs service platform.

SEC. 15. *Cash Payments.* - A TND may not solicit or accept cash payments or tips over and above the fare calculated by the TNCs service platform and reflected in the electronic receipt.

SEC. 16. *Fleet Service.* - TNCs shall not be allowed to have their own fleet service or be authorized to enter into an agreement with a fleet operator to provide transportation network services. For purposes of this Act, a person who operates more than one motor vehicle shall be considered a "fleet operator" and shall not be registered by the TNC with its service platform.

SEC.17. *Tax Treatment.* - The Bureau of Internal Revenue shall determine the tax liability of TNCs and TNDs and provide the appropriate guidelines for compliance therewith.

CHAPTER IV ENFORCEMENT

SEC.18. *Regulatory Authority.* - The authority of the Board shall be limited to the issuance of permit and regulation of TNCs to ensure compliance by TNCs with the provisions of this Act. Such authority shall not include jurisdiction to adjudicate private causes of action arising from the provision of transportation network services.

SEC. 19. *Disciplinary Proceedings.* - The Board, after due notice and hearing, may deny an application for a permit, suspend, or revoke a permit if the TNC:

- (a) Makes a material misrepresentation if any application filed under this Act or rules of the Board.
- (b) Fails to comply with the provisions of this Act or any rule promulgated pursuant to this Act.
- (c) Violates any other law that substantially related to the operation of TNCs;
- (d) Fails to cooperate with the Board; or fails to timely respond to a request for information by the Board, in connection with an investigation pursuant to this Act; or
- (e) Fails to maintain the qualification for a permit.

In addition to denial of application or other action under the immediately preceding paragraph, the Board may assess against a TNC for each violation enumerated thereunder, a fine not exceeding One Hundred Thousand Pesos (Php 100,000.00).

SEC.20. Penalties. – The Board shall determine the amount of the administrative penalty to be imposed on a person, firm, corporation or entity found violating the provisions of this Act, after considering the following factors.

The seriousness of the violation or failure to comply, including the nature, circumstances, extent, and gravity of the violation, and the harm or inquiry that may arise as a result of the violation;

- (a) The history of contraventions of or failures to comply;
- (b) The efforts made to correct the violation; and
- (c) Any other factor that may be just and reasonable under the circumstances.

SEC. 21. Fees and Other Charges. - The TNCs shall be subject to an annual supervision fee, to be determined by the Board and subject to the approval of the Secretary of the Department of Transportation. The Board shall promulgate rules and regulations governing the collection of such fees, which shall likewise be reviewed periodically and any proposed increase shall be published in two (2) newspapers of general circulation.

SEC. 22. Records. – All TNCs shall maintain passenger trip records for at least one (1) year from the date the trip was completed. TNCs shall also maintain all records concerning each TND for at least two (2) years after the date on which the TND ceases to engage in transportation network services for the TNC.

The Board shall have the authority to examine the records of TNCs for the purpose of enforcement of this Act, including a random sample of the TNCs' records related to prearranged rides and TNDs. Such examinations shall be conducted during working hours and shall not occur more than two times per year unless necessary to investigate a complaint. Records obtained by the Board pursuant to this Section shall be kept confidential, except as may be required by law.

SEC.23. Reportorial Requirement. - A transportation network company shall transmit a quarterly report to the Board providing an accounting of the number of vehicles it has registered to operate, number of trips provided, estimated number of passengers served, gross revenue, and any other information that the Board may deem necessary for the effective enforcement of this Act.

CHAPTER V FINAL PROVISIONS

SEC.24. Implementing Rules and Regulations. – Within sixty (60) days from the effectivity of this Act, the Board shall promulgate the implementing rules and regulations as may be necessary to ensure the efficient and effective implementation of this Act.

SEC. 25. Separability Clause. - If any position provision or part hereof is held invalid or unconstitutional, the remainder of the provision not otherwise affected shall remain valid and subsisting.

SEC. 26. Repealing Clause. – Any, law presidential decree or issuance, executive order, letter of instruction, administrative order, rule or regulation contrary to, or inconsistent with, the provision of this Act is hereby repealed, modified or amended accordingly.

SEC. 27. Effectivity. – This Act shall take after fifteen (15) days following its publication in at least two (2) newspaper of general circulation.

Approved,