



Republic of the Philippines
HOUSE OF REPRESENTATIVES
Constitution Hills, Quezon City

SEVENTEENTH CONGRESS
Second Regular Session

HOUSE BILL NO. **6776**



Introduced by:

HONORABLE REPRESENTATIVES PANTALEON D. ALVAREZ, CESAR V. SARMIENTO, JUAN PABLO P. BONDOC, BAYANI F. FERNANDO, ANNA KATRINA M. ENVERGA, RENATO UNICO, WINSTON CASTELO, EMI CALIXTO RUBIANO, ALFRED D. VARGAS

AN ACT

CREATING THE LAND TRANSPORTATION AUTHORITY REPEALING FOR THE PURPOSE EXECUTIVE ORDER NO. 202 AND EXECUTIVE ORDER NO.226, WHICH CREATED THE LAND TRANSPORTATION AND REGULATORY BOARD AND LAND TRANSPORTATION OFFICE RESPECTIVELY

EXPLANATORY NOTE

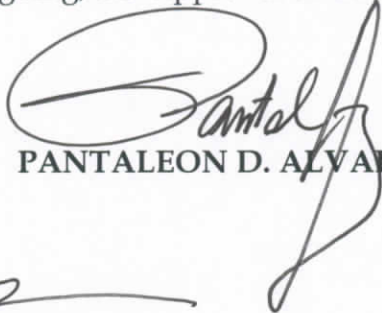
The transportation industry has always been a major cornerstone in national development. An efficient transport system ensures the efficient movement of goods promotes economic activity in both rural and urban areas and encourages the flow of investment that would surely enhance our country's economic growth.

The vision for the Philippine Transport System was initially drawn from the declaration of policy in the creation of the Land Transportation Regulatory Board ("LTFRB") created through Executive Order No. 202, series of 1987 and Land

Transportation Office ("LTO") created by virtue of Executive Order No. 125 and as amended by Executive Order No. 226 dated July 25, 1987. However, important considerations should be embarked on to create a central agency that will consolidate the functions of the LTO and LTFRB, in order to avoid confusion as to which agency is tasked to maintain land transportation law and order in the Philippines. Further, a more comprehensive transportation policy needs to take into account the varied and complex areas in the land transportation industry. Existing policies affect transportation in different ways. Some policies are inadequate, ineffective and are already obsolete.

As we move towards progress, we need a Land Transportation Authority that will address the challenges that we are facing today.

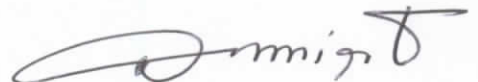
In view of the foregoing, the Approval of this Bill is earnestly sought.



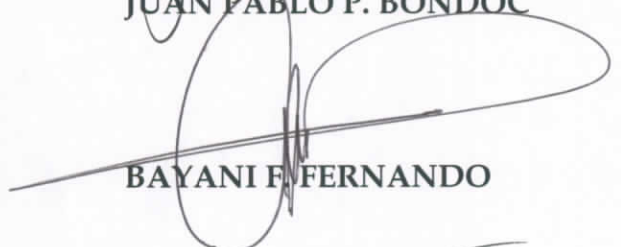
PANTALEON D. ALVAREZ



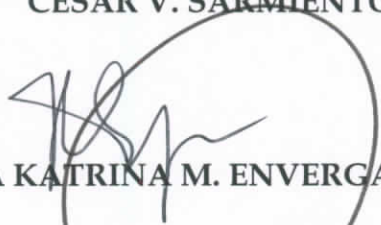
JUAN PABLO P. BONDOC



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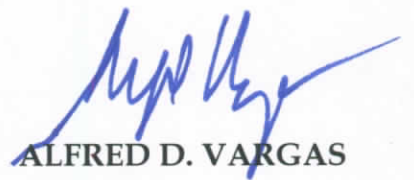
RENATO UNICO



WINSTON CASTELO



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**CREATING THE LAND TRANSPORTATION AUTHORITY REPEALING FOR THE
PURPOSE EXECUTIVE ORDER NO. 202 AND EXECUTIVE ORDER NO.226,
WHICH CREATED THE LAND TRANSPORTATION AND REGULATORY
BOARD AND LAND TRANSPORTATION OFFICE RESPECTIVELY**

*Be it enacted by the senate and House of Representatives of the Philippines in Congress
assembled*

ARTICLE I
CREATION, POWERS AND FUNCTIONS

SECTION 1. *Short Title.* – This act shall be known as the “*Land Transport Act of 2017.*”

SECTION 2. *Policy and Objectives.* - The State recognizes that land transportation is a vital and integral aspect of Philippine society and its economy. Given that it is vested with public interest, it is the duty of the State to ensure safe, reliable, efficient, adequate, modern, well-equipped, economic, and modern land transportation service.

SECTION 3. *Applicability.* – This Act shall apply to all public land transportation entities in the Philippines.

SECTION 4. *Land Transport Authority.* – The Land Transportation Authority (“LTA”) is hereby created which shall replace the Land Transportation Regulatory Board (“LTFRB”) created through Executive Order No. 202, series of 1987 and Land Transportation Office (“LTO”) created by virtue of Executive Order No. 125 dated January 20, 1987 and Executive Order No. 125-A dated April 13, 1987, as amended by Executive Order No. 226 dated July 25, 1987. The Authority shall be an attached agency of the Department of Transportation and shall absorb the powers and functions of the LTFRB and the LTO.

SECTION 5. *Powers and Functions of the Land Transport Authority.* – The Authority shall have the following powers function:

- a. Prepare the *National Land Transportation Development Program* which will provide a comprehensive roadmap for transport development initially covering Metro Manila, Metro Cebu and Metro Davao and all other Urbanized Cities and municipalities through the following but not limited to: traffic management,

1 construction of expressways both intercity and urban areas, improvement of bus
2 and jeepney services, rationalized route structure, improved terminals and
3 interchange facilities and proposed feasibility studies to the viability of a
4 suburban railway system and integration of the fare structure and ticketing
5 system between routes as well as modes.
6

7 b. To evaluate and package projects and investment programs; and for this
8 purpose, may call on any agency or organization whether public or private
9 whose development plans include land transportation as an integral part thereof,
10 to participate in the preparation and implementation of such programs;
11

12 c. To establish emission control and standards, Road Safety and Inspection and
13 Maintenance to achieve a smoke-free, accident-free and effective road safety
14 management system, and to establish at least one (1) Motor Vehicle Inspection
15 System in each Region, initially, which will determine compliance with emission
16 controls, standards, and road worthiness of all Public and Private Vehicles;
17

18 d. To formulate strategies towards vehicular modernization and the establishment
19 of a sustainable transport system. The Authority may grant incentives such as the
20 grant of discount to registration fees to vehicles that use electric, other emission
21 free energy sources or other forms of sustainable transport;
22

23 e. Enter into contracts with domestic and foreign companies for services and
24 products duly approved in the National Land Transportation Development
25 Program as determined by National Economic and Development Authority and
26 the Department of Transportation.
27

28 f. Promulgate, administer and enforce standards of measurements, designs, and
29 rules and regulations requiring owners of motor vehicles and operator of public

1 land transportation services to equip, install and provide in their utilities and in
2 their stations such devices, equipment, facilities and operating procedures and
3 techniques as may promote safety, protection, comfort and convenience to
4 persons and property in their charge, as well as the safety of persons and
5 property within their areas of operation;
6

7 g. To prescribe fines and regulate routes of service, economically viable capacities
8 and zones or areas of operation of public land transportation services provided
9 by motorized vehicles in accordance with the public land transportation
10 development plans and programs approved by the Department of
11 Transportation;
12

13 h. To issue, amend, revise, suspend or cancel Certificates of Public Convenience or
14 permits authorizing the operation of public Land Transportation services
15 provided by motorized vehicles, and to prescribe the appropriate terms and
16 conditions therefore;
17

18 i. To order the impounding of motor vehicles and confiscation of plates or the
19 arrest of violators of laws, rules and regulations governing land transportation;
20

21 j. To determine, prescribe and approve and periodically review and adjust,
22 reasonable fares, rates and other related charges, relative to the operation of
23 public land transportation services provided by motorized vehicles;
24

25 k. To issue preliminary or permanent injunctions, whether prohibitory or
26 Mandatory, in all cases in which it has jurisdiction, and in which cases the
27 pertinent provisions of the Rules of Court shall apply;
28

- 1 l. To punish for contempt of the Authority both direct and indirect, in accordance
2 with the pertinent provisions of, and the penalties prescribed by the Rules of
3 Court;
4
- 5 m. To issue subpoena and *subpoena duces tecum* and to summon witnesses to appear
6 in any proceedings of the Authority, to administer oaths and affirmations;
7
- 8 n. To conduct investigations and hearings of complaints for violation of the public
9 service laws on land transportation and of the Authority's rules and regulations,
10 orders, decisions and/ or ruling and to impose fines and/ or penalties for such
11 violations;
12
- 13 o. To review *motu proprio* the decisions/ actions of the Regional Regulatory Office
14 herein created;
15
- 16 p. To promulgate rules and regulations governing proceedings before the
17 Authority and the Regional Regulatory Office: Provided, that except with respect
18 to paragraphs d, e, f and g hereof, the rules of procedure evidence prevailing in
19 the courts of law should not be controlling and it is the spirit and intentions of
20 said rules that the Board and the Regional Regulatory Offices shall use every and
21 all reasonable means to ascertain facts in its case speedily and objectively and
22 without regard to technicalities of law and procedures, all in the interest of due
23 process;
24
- 25 q. To fix, impose and collect, and periodically review and adjust, reasonable fees
26 and other related charges for services rendered;
27
- 28 r. To formulate, promulgate, administer, implement and enforce rules and
29 regulations on land transportation public utilities, standard of measurements

1 and/or design, and rules and regulations requiring operators of any public land
2 transportation service to equip, install and provide in their stations such devices,
3 equipment facilities and operating procedures and techniques as may promote
4 safety, protection, comfort and convenience to persons and property in their
5 charges as well as the safety of persons and property within their areas of
6 operation;

7
8 s. To coordinate and cooperate with other government agencies and entities
9 Concerned with any aspect involving public land transportation services with
10 the end in view of effecting continuing improvement of such services;

11
12 t. To function and maintain a registry of all motorized vehicles and to issue
13 driver's licenses to deserving applicant drivers;

14
15 u. To coordinate with the Department of Education ("DEPED") in the licensing and
16 supervision of motorize vehicle driving schools, attendance of which shall be
17 mandatory for a first time non-professional license applicants and professional
18 license applicants and to all professional license renewal applicants;

19
20 v. To implement and enforce laws and policies on Land Transportation and
21 deputize traffic law enforcers;

22
23 w. To perform such other functions and duties as may be provided by law, as may
24 be necessary, or proper or incidental to the purposes and objectives of this Act.

25
26 SECTION 6. **Board of Directors** – The Authority's overall directions and thrusts shall
27 be provided and approved by the Board of Directors, hereinafter referred to as the
28 Board which shall be composed of the following:

29 (a) Chairman with the same rank, salary and privileges of an Undersecretary;

- 1 (b) One (1) member of the Board who is a member of the Bar and shall have engaged
2 in the practice of law in the Philippines for at least five (5) years;
3 (c) One (1) member with a degree in Public Transportation Planning;
4 (d) One (1) member should be a holder of a degree in engineering; and
5 (e) One (1) member a holder of a degree in management.
6

7 **SECTION 7. *Appointment of Members of the Board.*** –The members of the Board shall
8 be appointed by the President of the Philippines and shall serve for a term of six (6)
9 years, except that any person appointed to fill-in a vacancy shall serve only the
10 unexpired term of his/her predecessor in office. All members of the Board shall be
11 professionals of recognized competence and expertise. In shortlisting the nominees for
12 the members of the Board, the President of the Philippines shall give utmost
13 consideration to the nominees recommended by Secretary of Transportation
14 recommending at least three (3) names for every vacant position.

15 The salaries and compensation and other benefits of the Board shall be
16 determined by the Salaries Standardization Act and other pertinent laws.

17 **SECTION 8. *Supervision and Control over the Board.*** – The Secretary of Transportation,
18 through his duly designated Undersecretary, shall exercise administrative supervision
19 and control over the Authority.
20

21 **SECTION 9. *Powers and Functions of the Board.*** – The Board as the governing and
22 policy-making body of the Authority and shall exercise the following powers and
23 functions:

- 24 (a) Determine the organizational structure of the Authority, define the duties
25 and responsibilities of all officials and employees and adopt a
26 compensation and benefit scheme as determined by the Salaries
27 Standardization Act;

1
2 (b) Prepare the annual and supplemental budgets, if necessary, of the
3 Authority; and
4

5 (c) Submit an annual report on the operation and accomplishments of the
6 Authority to the President of the Philippines, Senate President, and
7 Speaker of the House of Representatives.
8

9 SECTION 10. *Powers and Functions of the Chairman.* – The Chairman shall exercise
10 the following powers and functions:

11 (a) Call and preside over the meetings of the Board and see to it that the
12 policies, programs and rules and regulations promulgated by the Board
13 are properly implemented;

14
15 (b) Call on stakeholders in the formulation and implementation of a
16 comprehensive and integrated plan for the development of the Land
17 Transport;

18
19 (c) Identify solutions to key issues and concerns, taking into account related
20 risks, affected parties and impact, in coordination with the Board and key
21 stakeholders;

22
23 (d) Represent the Board in all dealings or transactions with other government
24 agencies and offices, and with the private sector;

25
26 (e) Accept, on behalf of the Authority, donations, contributions, grants and
27 bequests or gifts, in cash or in kind, from foreign governments,

1 international agencies or organizations, private entities or any individual
2 for purposes that will realize the mandate of the Authority; and

- 3
4 (f) Call on any government agency or office, LGUs and the host communities
5 to assist the Authority in addressing issues and concerns relating to the
6 implementation of the programs, projects and activities of the Authority.

7
8 SECTION 11. *Executive Officers.* - The Authority shall be managed by a Director
9 General with the rank, salary and qualifications equivalent to that of a Department
10 Assistant Secretary, who must have sufficient knowledge and background in land
11 transportation management. He/she shall be appointed by and shall serve at the
12 pleasure of the President and shall serve for a fixed term of four (4) years, unless sooner
13 removed by the President of the Philippines upon the recommendation of Board. The
14 President shall act upon any recommendation for removal of the Director General
15 within 90 days from receipt of the same.

16
17 The Director-General shall be assisted by four (4) Directors level IV with Salary Grade
18 28 for Administration and Finance, Plans and Operations, Franchising, and Law
19 Enforcement and Adjudication. The Chiefs should preferably be a Career Executive
20 Service Officer (CESO) possessing at least ten (10) years of experience and practice in
21 land transportation management and administration.

22
23 SECTION 12. *Powers of the Director-General.* - As Chief Operating Officer of the
24 Authority, the functions and powers of the heads of the LTO and LTFRB, as well as
25 other laws otherwise not expressly defined in this Act, are now transferred and vested
26 to the Director-General of the Authority, including, but not limited to, the following:

1 (a) Implement, enforce and apply the policies, programs, guidelines,
2 procedures, rules and regulations promulgated, prescribed, issued and
3 adopted by the Authority;
4

5 (b) Manage the affairs of the Authority and ensure the smooth operational
6 efficiency of the national land transportation system;
7

8 (c) Sign contracts, approve expenditures and appoint and discipline
9 employees below the level of Presidential appointees;
10

11 (d) Submit an annual budget to the Board not later than one (1) month before
12 the commencement of the ensuing year;
13

14 (e) Undertake research, studies, investigations, projects and other related
15 activities, and submit reports and recommendations to the Board for its
16 information and or approval; engage the services of experts/consultants
17 either in full time or part time basis as may be required in the performance
18 of his functions and duties as maybe determined by him, subject to the
19 approval of the Board;
20

21 (f) Perform such other functions and duties as the Board may assign from
22 time to time.
23

24 SECTION 13. *Retirement Package for the Chairman and Director General*- The
25 Chairman and the Director General of the Authority shall, upon completion of their
26 term or upon becoming eligible for retirement under existing laws, be entitled to the
27 same retirement benefits and the privileges provided for the Presiding Justice and
28 Associate Justices of the Supreme Court, respectively.
29

1 SECTION 14. *Enhancement of Technical Competence.* – The Authority shall establish
2 rigorous training programs for its staff for the purpose of enhancing the technical
3 competence of the Authority in the following areas: evaluation of technical performance
4 and monitoring of compliance with service and performance standards, performance-
5 based rate-setting reform, environmental standards and such other areas as will enable
6 the Authority to adequately perform its duties and functions. The same shall be
7 appropriated in the General Appropriations Act.

8
9 SECTION 15. *Staffing Pattern.* The Director-General subject to the approval of the
10 Board shall determine the staffing pattern, the number of personnel and field offices of
11 the Authority, the functions of the central office staff, the regional and district offices;
12 define their duties and responsibilities and fix their qualifications, salaries and other
13 emoluments.

14
15 The Board shall act on the recommendation within (30) days from its submission,
16 otherwise, the recommendation shall be deemed approved and the same shall be
17 implemented within 90 days from approval thereof.

18
19 SECTION 16. *Appointment and Discipline of Personnel.* All officials of the Authority,
20 except those appointed by the President, shall be selected and appointed on the basis of
21 merit and fitness as established in a merit system program of the Authority consistent
22 with Civil Service laws and regulations.

23
24 SECTION 17. *Decision of the Authority; Appeals and Review.* - The Authority, in the
25 exercise of its powers and functions, shall sit and render its decision *en banc*. Every
26 decision, order, or resolution of the Authority must bear the concurrence and signature
27 of at least majority of its member thereof. A majority of the number of members as fixed
28 in this law shall constitute a quorum for the transaction of business, and every decision
29 of at least a majority of the directors present at a meeting at which there is a quorum

1 shall be valid, except for the election of officers which shall require the vote of a
2 majority of all the members of the board.

3
4 The decisions, order or resolution of the Authority shall be appealable to the Secretary
5 within thirty (30) days from receipt of the decision: Provided, that the Secretary may
6 *motu proprio* review any decision or actions of the Authority before the same becomes
7 final.

8
9 SECTION 18. *Creation of the Regional Regulatory Offices.* - There shall be a Regional
10 Regulatory Office in each of the administrative regions of the country which shall be
11 headed a Regional Director with Salary Grade 27 and rank of Director II.

12
13 SECTION 19. *Appeals.* - The decisions, orders and resolutions of the Regional
14 Regulatory Offices shall be appealable to the Authority within thirty (30) days from
15 receipt of the decision.

16
17
18 **ARTICLE II**
19 **LEGISLATIVE FRANCHISE AND**
20 **REGULATION OF PUBLIC UTILITY VEHICLES**
21

22 SECTION 20. *Rationalization of Issuance of Franchises for PUB, PUVs, PUJs, taxis*
23 *and other similar services.* - The Authority, in coordination with the National Economic
24 Development Authority ("NEDA"), Department of Interior and Local Government
25 ("DILG"), and other key stakeholders and associations shall conduct a Land
26 Transportation Study to determine the actual need for public transportation in the
27 various routes to objectively determine the actual number of public buses, jeeps, taxi's
28 and other public utility vehicles as well as TNVs needed by the public in a certain route,

1 road, street, locality or area. This study will serve as basis for the issuance of a
2 Legislative Franchise.

3
4 SECTION 21. **Franchise.** - No person shall commence or conduct the business of
5 operating public transportation without first obtaining a franchise. Provided, that the
6 Authority has already determined and set the guidelines for the rationalization of the
7 Issuance of Franchises. Provided, further, that public transport entities found to
8 circumvent this provision through the use of corporate fiction shall have all their
9 franchises *ipso facto* revoked.

10 The Authority, in granting a Certificate of Public Convenience and Necessity ("CPCN"),
11 upon the applicant's compliance with the Authority's requirements, and the approved
12 legislative franchise, may impose such conditions as to duration and termination of the
13 privilege, concession, or standard or technical aspects of the equipment, rates, or
14 service, not contrary to the terms of the franchise.

15 The Authority, however, shall not grant a subsequent CPCN for another area of service
16 nor extend the area service coverage of an entity which has not been satisfactorily
17 compliant to the terms and conditions of its original franchise.

18
19 SECTION 22. **Franchise Requirements.** - The holder of such legislative franchise issued
20 should have the following basic requirements:

21
22 a. Should comply with the minimum amount of capitalization in order to ensure
23 that only those operators with adequate financial capacity are allowed to operate
24 public transport.

25
26 b. For PUB - Minimum capitalization of Thirty Million Pesos (Php 30,000,000.00).
27

- 1 c. For PUJ, PUV, Taxi and other similar services – Minimum capitalization of Ten
2 Million Pesos (Php 10,000,000.00)
3

4 SECTION 23. *Franchise Conditions.* - The holder of such legislative franchise issued
5 should have the following conditions:
6

7 a.) The holder must comply with the constitutional and statutory requirements
8 on maximum foreign ownership throughout the duration of the holder's
9 franchise.
10

11 b.) To those holders which already have existing franchises, they are given a
12 period of six (6) months from the grant of legislative franchise within which
13 to comply with the paid up capital requirement.
14

15 c.) The holder must have the adequate experience to operate and maintain its
16 transport units to ensure safety and efficiency. For this reason, the holder
17 must have at least ten (10) years of relevant experience as an operator, or
18 working for an operator, of public transport of good standing.
19

20 d.) The holder must also have the adequate technical and maintenance support
21 facilities capability to operate public transport. The holder must show proof
22 of ownership of office/s, maintenance building, inspection pit, garage, or
23 terminals and other maintenance support facilities, sufficient in size, all of
24 which must be devoted exclusively for public transport activities. In addition,
25 the applicants must show proof of ownership of the mandatory and
26 indispensable machines and equipment to sufficiently support the
27 maintenance requirement to operate taking into account the number of units
28 the holder hopes to operate.
29

1 e.) The holder should maintain adequate personnel for its finance,
2 administration, operation and maintenance group or department. Such
3 department cannot be outsourced to contractors, or any other entity not
4 directly connected to the holder, particularly the maintenance personnel.

5
6 f.) Legislative franchise cannot be sold or transferred, whether directly or
7 indirectly, to any other entities. *Provided further*, that such holder of legislative
8 franchise may offer its business to go public through Initial Public Offering in
9 the Philippine Stock Exchange (PSE) subject to the qualifications and
10 requirements of the PSE.

11
12 g.) The Authority, in pursuant to its authority to grant Certificate of Public
13 Convenience and Necessity ("CPCN") to the qualified holders of legislative
14 franchise may impose such other conditions necessary for the protection of
15 the riding public and the interest of the government, such as but not limited
16 to the duration and termination of privilege, concession, financial and
17 technical capability, infusion of additional capitalization, disciplinary
18 sanctions, technical standards of equipment to be used, fare rate, or kind of
19 service, and any other aspects which the Authority deems it necessary to
20 regulate.

21
22 h.) No subsequent CPCN shall be granted for another service area or to extend
23 the area of service coverage of an entity which has failed to satisfactorily
24 comply with its commitment to the Authority to provide a particular service
25 in the prior authorized area.

26
27 **SECTION 24. *Administrative Permits.*** Notwithstanding the provision of any law to the
28 contrary, the issuance of permits to operate public utility vehicles shall be
29 administratively processed based on rules and regulations/guidelines that the

1 Authority shall promulgate within sixty (60) days, subject to the approval of the Board.
2 Without prejudice to the provisions of R.A. 7160, otherwise known as the Local
3 Government Code of 1991, the permit to operate public utility vehicles shall be issued
4 by the Authority.

5
6 **SECTION 25. *Requirement for Parking Spaces or Terminal Facility***- Any prospective
7 operators, or operators with residence or business address in Highly Urbanize Cities,
8 shall be required to execute an affidavit which shall be acknowledged before a notary
9 public, attesting to the availability of a terminal facility.

10 The affidavit executed by the operator shall be presented to the Legislative Franchise
11 Committee as a pre-requisite for registration. No franchise permit shall be issued for
12 operators unless the owner thereof submits an affidavit that parking spaces and
13 facilities shall be made available to their units.

14 **SECTION 26. *Operation of Public Utility Vehicles***. - No motor vehicle shall be operated
15 as a public conveyance or for hire without possessing a valid and subsisting franchise
16 and/or permits issued by the Authority.

17
18 All existing franchises and permits issued prior to the effectivity of this Act shall remain
19 valid up to the date of its expiry as indicated in the certificate or permit. Any
20 subsequent transaction related thereto shall now be processed and issued pursuant to
21 the rules and regulations of the Authority.

22 **SECTION 27. *Rate Fixing***. - For purposes of fixing of rates of public utility vehicles, the
23 Director-General shall undertake the necessary studies, after due consultation with the
24 involved sectors, and recommend the same to the Board for approval.

1 SECTION 28. *Authority to Impose Penalties.* - The Director-General is empowered to
2 impose penalties and sanctions in the form of cancellation, revocation, suspension, fines
3 and other forms of penalties allowable by law, or any combination thereof, for
4 violations of the terms and conditions of the permit. Subject to the approval of the
5 Board, the Director-General shall promulgate a set of guidelines containing the
6 administrative procedures in the imposition of sanctions, including the schedule of
7 penalties.

8
9 SECTION 29. *Equality of Treatment in the Land Transport Industry.* - Any advantage,
10 favor, privilege, exemption, or immunity granted under the existing franchises of the
11 current franchise holders, shall *ipso facto* become part of such franchises except those
12 which concern territorial coverage, duration and kind of service. As such, the same will
13 be accorded to the holders immediately and unconditionally.

14
15 In case of suspension of unit due to vehicular accident, the suspension shall be
16 imposed only to the unit primarily involved in the accident. Any other units under the
17 franchise will not be affected unless the Authority, after due notice and hearing, deems
18 it necessary to suspend the entire units within the franchise.

20 ARTICLE III

21 ACCREDITATION OF TRANSPORTATION NETWORK COMPANIES

22 SECTION 30. *Accreditation of Transport Network Companies ("TNC")* - A TNC shall
23 mean as an "organization whether a corporation, partnership, or sole proprietor that
24 provides pre-arranged transportation services for compensation using an internet-based
25 digital technology application or digital platform technology to connect passengers
26 with drivers.

1 The Certificate of TNC Accreditation shall be granted to TNC's providing internet
2 based digital technology application or digital platform technology to facilitate
3 transportation of passengers. TNCs, prior to its application for accreditation by the
4 Authority, must first secure a franchise from Congress.

5
6 SECTION 31. *Application for Accreditation* - Application for the Issuance of a
7 Certificate of Accreditation shall be made in writing on a form provided by the
8 Authority, and signed and sworn to by the applicant, or if the applicant is a juridical
9 entity, by its duly authorized representative. Each application, in addition to other
10 documents that are required, shall submit the following:

- 11
12 a.) Business permit or Certificate of Incorporation duly issued by Department of
13 Trade and Industry or Security and Exchange Commission;
14 b.) Certificate of registration duly issued by the Bureau of Internal Revenue (BIR);
15 c.) Business model proposal
16 d.) Business Permit duly issued by the Local Government where the applicant's
17 principal office is located;
18 e.) Terms of Service for Passengers;
19 f.) Terms of Service for TNVS Operators;
20 g.) Proposed Fare rates and/or Service Charges; and
21 h.) Proof of Applicant's Financial Capability to pay all judgment and awards that
22 may be rendered for any cause arising out of the operation of a TNC business.

23
24 As a Transport Network Company (TNC), an owner/operator must pay an
25 accreditation fee to get a 2-year certificate of accreditation from the committee and
26 secure a franchise by submitting the necessary legal documents before starting
27 operations. Non-compliant vehicles will be caught and apprehended.

ARTICLE IV
TRANSITORY PROVISIONS

SECTION 32. *Abolition.* The Land Transportation Office and the Land Transportation Franchising and Regulatory Board, the Traffic Enforcement Group of the Metropolitan Manila Development Authority are hereby abolished. All properties, assets and liabilities, all powers, functions and duties, rights and courses of actions, vested by law or exercised by said abolished offices and its predecessors are hereby transferred to the Authority.

SECTION 33. *Early Retirement Incentive Program.* - The Board shall organize the Authority prioritizing the absorption of incumbent officers and employees from the abolished agencies, as far as practicable.

All affected Officers and Employees who are qualified to receive retirement benefits under Republic Act Nos. 1616 and 660 shall be entitled to an additional one (1) month salary for every year of service.

Any Officers or Employees may avail of the same benefits as provided by the immediately preceding paragraph; provided that they voluntarily separate or retire from the service during the transition period; Provided, further, that they are qualified to receive retirement benefits under RA 1616 and RA 660.

"Affected Officers and Employees" as defined by this Act, shall be all Officers and Employees who are involuntarily removed or separated from the service due to the abolition of their respective agencies by this Act.

SECTION 34. *Organization of the Authority.* - Any officer/employee who availed the benefits of the foregoing provisions or who would opt to retire or be separated as a

1 result of the rationalization efforts of the LTO and LTFRB shall not qualify for
2 reemployment and appointment in any agency of the Executive Branch, including
3 GOCCs/Government Financial Institutions (GFIs), except in educational institutions
4 and hospitals, within a period of seven (7) years from the date of retirement, separation
5 or resignation.

6
7 SECTION 35. *Saving Clause.* - Unless otherwise provided in this Act, rights or
8 privileges vested or acquired under the provisions of any other law, rules and
9 regulations prior to the effectivity of this Act shall remain in full force and effect.

10
11 SECTION 34. *Implementing Rules and Regulations.* - The Authority shall adopt rules
12 and regulations to implement the provisions of this Act within sixty (60) days from the
13 date of its approval.

14
15 SECTION 36. *Congressional Oversight Committee.* - A Congressional Oversight
16 Committee, hereinafter referred to as the "Committee", is hereby constituted in
17 accordance with the provisions of this Act. The Committee shall be composed of the
18 Chairman of the Senate Committee on Public Services and Chairman of the House
19 Committee on Transportation and four (4) additional members from each House to be
20 designated by the Senate President and the Speaker of the House of Representatives,
21 respectively. The Committee shall, among others, in aid of legislation:

22 (a) Monitor and ensure the proper implementation of this Act;

23
24 (b) Review the collection performance of the Authority;

25
26 (c) Review the proper implementation of the programs of the Authority and the
27 use of its collected fund.

28
29 In furtherance of the hereinabove cited objectives, the Committee is empowered to
30 require the Authority to submit all pertinent information including, but not limited to,
31 its collection performance data and its annual audited financial statements certified by

1 the Commission on Audit.

2
3 The Congressional Oversight Committee shall be in existence for a period of five (5)
4 years, and thereafter, its oversight functions shall be exercised by the Senate Committee
5 on Public Services and the House Committee on Transportation acting separately.

6
7
8 **ARTICLE VI**
9 **FINAL PROVISIONS**
10

11 SECTION 37. *Separability Clause.* - If any part or provision of this Act shall be declared
12 unconstitutional, the other parts or provisions hereof which are not affected thereby,
13 shall continue in full force and effect.

14
15 SECTION 38. *Repealing Clause.* - All laws, decrees, executive orders, rules and
16 regulations or parts thereof inconsistent with the provisions of this Act are hereby
17 repealed or modified.

18
19 SECTION 39. *Effectivity.* - This Act shall take effect fifteen (15) days after its complete
20 publication in at least newspapers of general circulation.

21
22 SECTION 40. *Transitory Provision* - All land transport entities which are lawfully
23 operating at the time of the effectivity of this Act, may continue their operations under
24 the terms and conditions approved by the LTFRB, provided that said transport services
25 and public transport services and public transport entities shall secure a legislative
26 franchise within two (2) years from the effectivity of this Act.

27
28 *Approved,*