

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

EIGHTEENTH CONGRESS
First Regular Session



House Bill No. 6008

Introduced by CIBAC Party-List Representatives
Eduardo "Bro. Eddie" C. Villanueva and Domingo C. Rivera

**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 transportation sector. One of this 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 and Uber. 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.² According to a study presented by Grab, one of the leading

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*. Retrieved from: <https://www.brookings.edu/wp-content/uploads/2017/01/ridesharing-oup-1117-v6-brookings1.pdf> (date last accessed: July 1, 2019)

² 2018, June 3. "Study shows TNVS remain popular among Metro Manila commuters." Retrieved from: <https://businessmirror.com.ph/2018/06/03/study-shows-tnvs-remain-popular-among-metro-manila-commuters/> (date last accessed: July 1, 2019)

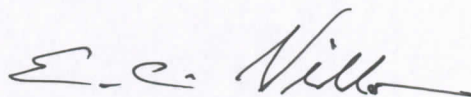
TNVS companies, only 35,000 vehicles service an estimated 600,000 bookings everyday.³

Unfortunately, while the demand for TNVS remains high, the legal framework on their operation, as well as that of transportation network companies (TNCs) remains unclear.

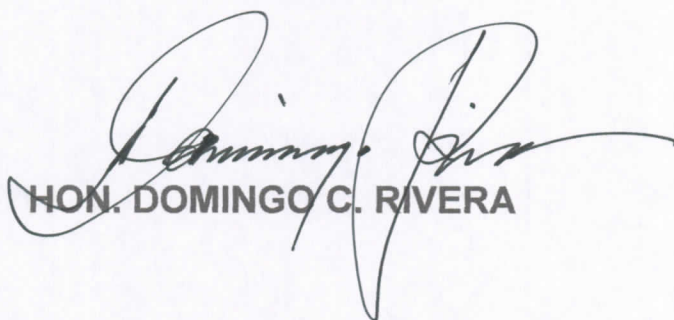
This bill seeks to address this gap by clarifying the responsibilities of rideshare support companies, their liability, and the licenses required of them. Under this bill, a rideshare support company must obtain a permit from the Land Transportation Franchising and Regulatory Board in order to operate.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

This bill also makes the rideshare support company liable for injuries or death to passengers aboard a rideshare network vehicle for the company's failure to exercise extraordinary diligence in the selection and supervision (as required under this bill) of rideshare network drivers. Rideshare support companies 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.

The immediate passage of this bill is earnestly sought.



HON. EDUARDO "BRO. EDDIE" C. VILLANUEVA



HON. DOMINGO C. RIVERA

³ 2018, May 2. "Grab: Only 35,000 drivers serve 600,000 bookings per day." Retrieved from: <https://www.rappler.com/business/201597-grab-philippines-drivers-not-enough-passenger-bookings> (date last accessed: July 1, 2019)

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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 **SECTION 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
7 public.
8

9 **SECTION 3. Definitions.** – As used in this Act, the following terms shall mean:
10

11 a) **Pre-arranged ride** refers to the provision of transportation by a rideshare
12 network driver to a rideshare network rider beginning when a rideshare network
13 driver accepts a request made by a rideshare network rider by means of a digital
14 network. A prearranged ride does not include a shared expense carpool or
15 vanpool arrangement or any other type of arrangement or service in which the
16 driver receives a fee that does not exceed the driver's costs associated with
17 providing the ride.
18

19 b) **Rideshare network driver** refers to an individual who (a) satisfies the
20 requirements provided in Section 5 of this Act, (b) receives requests for

prearranged rides from potential passengers by means of a digital network, and
(c) uses a rideshare network vehicle to offer or provide a pre-arranged ride for compensation upon connection through a digital network.

- c) **Rideshare network rider** refers to an individual who has obtained an account to use a digital network, or another individual designated by the account holder, to receive a prearranged ride.
- d) **Rideshare network vehicle** refers to a vehicle seating less than fifteen (15) passengers, including, but not limited to, any passenger automobile, truck, motorcycle, or similar vehicle, that is owned, leased, rented, or authorized for use by a rideshare network driver and that has been approved by a rideshare support company to be used for providing prearranged rides.
- e) **Rideshare support company** refers to a duly registered sole proprietorship, partnership, or corporation organized under the laws of the Philippines that supports the provision of pre-arranged transportation services by connecting rideshare network drivers with rideshare network riders, for compensation using Internet-based technology application or digital platform technology, including accrediting rideshare network drivers in accordance with the provisions of this Act.

SECTION 4. Permit. – A person shall not operate a rideshare support company without first having obtained a certificate of accreditation from the Land Transportation Franchising and Regulatory Board (LTFRB) pursuant to this Act; *Provided*, That any entity performing the functions of a rideshare support company operating in the Philippines before the effective date of this Act may continue operating pending the issuance of the permit required under this Act; *Provided however*, That the entity shall immediately cease operation upon denial of its application.

The permit required under this Section shall be issued to an applicant-rideshare support company that meets the following requirements:

- a) Has established a process, consistent with Section 5 of this Act, to enable individuals to become rideshare network drivers;
- b) Requires criminal history checks for individuals seeking to become rideshare network drivers and complies with all other requirements set by the LTFRB in determining the fitness of rideshare network drivers;
- c) Provides proof of its compliance with the insurance requirements set forth in Section 7 of this Act;
- d) Provides an undertaking to comply with all obligations of a rideshare support company provided in this Act and its implementing rules and regulations;
- e) Pays a fee of a least Ten Thousand Pesos (Php10,000.00), which must be paid annually; *Provided*, That such amount may be adjusted upon prior consultation with relevant stakeholders.

1 The permit issued under this Section shall be limited to a geographical area as may
2 be prescribed by the LTFRB upon a determination that the services provided by a
3 rideshare support company is necessary therein.
4

5 **SECTION 5. Rideshare Network Driver Requirements.** – Before allowing an
6 individual to act as a rideshare network driver, the rideshare support company shall
7 require the individual to provide relevant information, including, but not limited, to the
8 driver's address, age, license number, motor vehicle registration, automobile liability
9 insurance, and such other information as may be deemed necessary in order to
10 determine the applicant's fitness to become a rideshare network driver; *Provided, That*
11 a rideshare support company shall only permit an individual to act as such if the
12 individual:
13

- 14 a) Has not been convicted of any felony punishable with imprisonment of not less
15 than two (2) years, within the past seven years, as shown by a criminal history
16 report or clearance or other similar document issued by the National Bureau of
17 Investigation;
18
- 19 b) Possesses a valid non-professional or professional driver's license, and who has
20 not committed more than five (5) violations of traffic and other related laws and
21 regulations within the last two (2) years;
22
- 23 c) Provides proof of valid registration for the motor vehicle(s) to be used in providing
24 pre-arranged rides;
25
- 26 d) Provides proof that the rideshare motor vehicle is covered by a third party liability
27 insurance to cover for passenger injuries in the amount of at least One Hundred
28 Thousand Pesos (Php100,000.00); and
29
- 30 e) Is at least eighteen (18) years of age.
31

32 *Provided, further, That* in determining the fitness of the applicant-rideshare network
33 driver, the rideshare support company may:
34

- 35 a) Conduct, by itself or with the assistance of a third party, a criminal background
36 check for each individual;
37
- 38 b) Request the LTFRB to determine the fitness of the applicant-rideshare network
39 driver pursuant to the rules and regulations set by the LTFRB; or
40
- 41 c) Require the submission of other requirements as it may deem necessary and
42 expedient to ensure the fitness of the applicant-rideshare network driver.
43

44 *Provided finally, That* the rideshare support company shall have the continuing
45 obligation to supervise and assess the performance of all accredited rideshare network
46 drivers, and, if necessary, suspend or revoke the accreditation of a rideshare network
47 driver.
48

1 For the avoidance of doubt, no further registration shall be required of rideshare
2 network vehicles, aside from the motor vehicle registration with the Land
3 Transportation Office (LTO).
4

5 **SECTION 6. Identification of Rideshare Network Drivers and Vehicles.** – A
6 rideshare support company shall ensure that a picture of the rideshare network driver
7 and the license plate of the rideshare motor vehicle is displayed to the rideshare
8 network rider before the rider enters or boards the vehicle.
9

10 **SECTION 7. Insurance Requirement.** – The rideshare support company shall be
11 required to procure a personal accident insurance to cover for passenger injuries
12 arising from motor vehicle accidents during a pre-arranged ride in an amount of at
13 least Two Hundred Thousand Pesos (Php200,000.00) per passenger.
14

15 **SECTION 8. Liability of Rideshare Support Company.** – In case of accident, injury
16 or death of the passenger while aboard the rideshare network vehicle, the rideshare
17 support company shall be civilly liable for failure to exercise extraordinary diligence
18 and reasonable care in the accreditation and supervision of rideshare network drivers,
19 except if such act is due to acts or omissions outside of the control of the rideshare
20 support company. For the avoidance of doubt, the liability herein provided is separate
21 and distinct from the civil liability of a rideshare support company imposed in other
22 laws.
23

24 In addition, the rideshare support company shall be liable for an administrative fine of
25 up to One Million Pesos (Php1,000,000.00) depending on the severity of the violation,
26 the number of passengers affected, and other factors as may be determined by the
27 LTFRB in appropriate rules and regulations.
28

29 **SECTION 9. Operational Requirements.** –
30

31 a) The rideshare support company shall ensure that the fare or fare calculation
32 method is disclosed to the rideshare network rider at all times, guided by the
33 following principles:
34

- 35 1) There are no maximum fares or rates;
 - 36 2) A minimum or flat fare or rate may be charged;
 - 37 3) The fares or rates may be based on time and distance;
 - 38 4) Fares or rates may adjust dynamically from trip to trip.
- 39
40
41
42

43 The LTFRB, *motu proprio* or upon appropriate complaint, shall determine, prescribe
44 and approve and periodically review and adjust, reasonable fares, rates and other
45 related charges, relative to the operation of rideshare support companies.
46

47 b) A rideshare network driver may travel on any route selected by the rideshare
48 network rider, including those with predetermined drop-off and pick-up points, or
49 on a route selected by the rideshare network driver *Provided*, That the LTFRB

1 may, when necessary to control traffic and the number of vehicles-for-hire plying
2 the area, limit the number of rideshare network vehicles operating in an area.
3

4 **SECTION 10. Cap or Limit on Volume of Vehicles. –** There shall be no immediate
5 cap or limit on the number of vehicles that may operate under a rideshare support
6 network, *Provided*, that the Land Transportation Office (LTO), LTFRB, the
7 metropolitan development councils and other pertinent government agencies shall
8 conduct an annual study on the total volume of vehicles plying in an area, the total
9 number of rideshare motor vehicles therein, their impact on the traffic situation in the
10 area, to determine the reasonableness of the total number of rideshare motor vehicles
11 therein, with due regard to the demand for the continuous operation of such motor
12 vehicles.
13

14 **SECTION 11. Electronic Invoices. –**
15

- 16 a) Following the completion of a pre-arranged ride, the rideshare support company
17 and the rideshare network driver shall ensure that an electronic invoice is
18 transmitted to the rideshare network rider, which shall include, but not be limited,
19 to:
20
21 1) The origin and destination of the trip;
22
23 2) The total time and distance of the trip;
24
25 3) The first name of the rideshare network driver;
26
27 4) An itemization of the total fare paid, if any.
28
29 b) Notwithstanding subsection (a) above, nothing herein shall prevent the rideshare
30 network driver to directly provide a receipt to a rideshare network rider, or to
31 designate the rideshare support company to provide such receipt to the rider.
32
33 c) The Bureau of Internal Revenue (BIR) shall establish mechanisms to ensure that
34 the receipts issued under this Section are compliant with the applicable
35 provisions of the Tax Code on the proper form and issuance of receipts.
36

37 **SECTION 12. Records. –** A rideshare support company and the rideshare network
38 driver shall keep in its records the individual trip records and the receipts issued
39 therefor for at least five (5) years from the date each trip happened.
40

41 **SECTION 13. Audit Procedures; Confidentiality of Records. –**
42

- 43 a) For the sole purpose of verifying that a rideshare support company is in
44 compliance with the requirements of this Act, the LTFRB shall have the authority
45 to annually inspect the records of the rideshare support company; *Provided*, That
46 the audit shall take place at a mutually agreed location; *Provided further*, That
47 such inspection shall be done with due regard to the provisions of the Data
48 Privacy Act of 2012; *Provided, furthermore*, That nothing herein shall prevent the
49 LTFRB, *motu proprio* or upon complaint, from inspecting the records of a
50 rideshare support company, with due regard to the provisions of the Data Privacy

1 Act, unless the disclosure of personal information is necessary for the resolution
2 of the complaint.

- 3
4 b) Any records furnished to the LTFRB under this Act shall be confidential and shall
5 not be disclosed to any third party without prior written consent of the rideshare
6 support company and/or the rideshare network driver or rider.
7

8 **SECTION 14. Limitations on Rideshare Support Companies. –**
9

- 10 a) A rideshare support company shall not be deemed to:
11
12 1) Control, direct or manage the rideshare network drivers or rideshare
13 network vehicles, except as expressly provided in this Act or as agreed by
14 the parties in writing; or
15
16 3) Operate a common carrier.
17
18 b) Rideshare network drivers shall not be deemed employees of rideshare support
19 companies unless otherwise agreed upon in writing by the parties; *Provided*, that:
20
21 1) There are no limitations on the number of hours that, and when, a rideshare
22 network driver must be logged on to the digital network; and
23
24 2) There are no restrictions on the ability of the rideshare network driver to
25 engage with other digital networks.
26

27 **SECTION 15. Enforcement. –**
28

- 29 a) A rideshare support company that has violated any provisions of this Act shall be
30 liable, after notice and hearing, for an administrative fine of up to Five Hundred
31 Thousand Pesos (Php500,000.00), or suspension or revocation of its
32 accreditation as rideshare network company, upon a determination by the
33 LTFRB that the rideshare support company has committed repeated violations
34 of any provisions of this Act and that the same endangers the public.
35
36 b) In the determination of fines to be imposed under this Section, the LTFRB shall
37 take into consideration the following:
38
39 1) The severity of the violation;
40
41 2) Good faith effort to remedy the violation; and
42
43 3) History of previous violations.
44
45 c) The LTFRB shall resolve to expeditiously process all applications to ensure the
46 continuous and immediate availability of qualified rideshare network drivers.
47

48 **SECTION 16. Controlling Authority. –** The LTFRB shall be the lead implementing
49 agency in carrying out the provisions of this Act.
50

1 **SECTION 17. Implementing Rules and Regulations.** – The LTFRB, in consultation
2 with relevant stakeholders, shall issue the rules and regulations necessary to
3 implement the provisions of this Act within ninety (90) days from its effectivity. For the
4 avoidance of doubt, the implementing rules and regulations issued for this purpose
5 shall not impose additional accreditation or permit requirements other than those
6 provided under this Act.

7
8 **SECTION 18. Separability Clause.** – If any section or part of this Act is held
9 unconstitutional or invalid, the remaining section not otherwise affected shall remain
10 valid.

11
12 **SECTION 19. Repealing Clause.** – All provisions of existing laws, presidential
13 decrees or issuances, executive orders, letters of instruction, administrative orders,
14 rules and regulations contrary to or inconsistent with the provisions of this Act are
15 hereby repealed, amended, or modified accordingly.

16
17 **SECTION 20. Effectivity.** – This Act shall take effect fifteen (15) days after its
18 complete publication in the Official Gazette and in at least two (2) newspapers of
19 general circulation.

20
21
22 **Approved,**