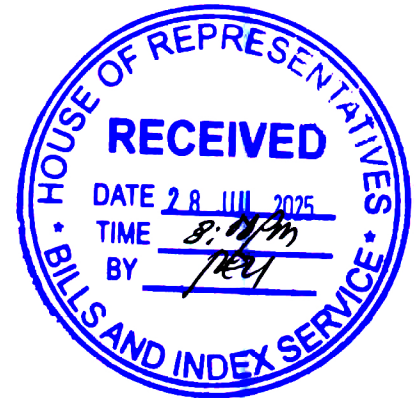




Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City, Metro Manila

TWENTIETH CONGRESS
First Regular Session

House Bill No. 2415



Introduced by Representative FELIMON M. ESPARES

**AN ACT
INSTITUTIONALIZING THE PUBLIC TRANSPORT
MODERNIZATION PROGRAM (PTMP), APPROPRIATING FUNDS
THEREFOR, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Public Transportation plays a vital role in providing a safe, efficient, and environment-friendly transport services for countless Filipino citizens. A modern and efficient public transportation sector is fundamental in offering the public a dignified daily commute.

To this end, the government, through the Department of Transportation (DOTr), launched its flagship non-infrastructure program under DOTr Department Order No. 2017-011—formerly known as the Public Utility Vehicle Modernization Program (PUVMP)—now referred to as the Public Transport Modernization Program (PTMP). This initiative seeks to establish a safe, dependable, convenient, and commuter-centered public transport system that benefits both commuters and industry stakeholders.


While a significant portion of the transport sector has expressed strong willingness to comply with the government's modernization agenda, they are often unable to do so due to the prohibitive costs of upgrading fleets and operations. Although loan windows exist through government financial institutions such as the Land Bank of the Philippines and the Development Bank of the Philippines, many transport cooperatives have yet to access sufficient financing that meets the full cost of modernization required by the DOTr.

To make matters more urgent, the budget allocation for modernization remains limited. Under the 2025 General Appropriations Act, only ₱1.6 billion has been earmarked for the PTMP, and ₱2.5 billion for fuel subsidies across all modes of public

transportation nationwide. These amounts are grossly inadequate given the scale of modernization needed and the number of affected operators and cooperatives.¹

This proposed measure, therefore, seeks to promote a just, inclusive, and humane modernization program—one that ensures the viability and competitiveness of the public transportation sector while supporting its transition toward a more sustainable and efficient transport ecosystem. By enhancing support mechanisms, especially in financing, technical assistance, and institutional coordination, this bill aspires to realize a modernization program that works with and for the people.

In view of the foregoing, the early passage of this bill is earnestly sought.



HON. FELIMON M. ESPARES

¹ [https://www.safetravelph.org/post/advancing-data-driven-public-transport-modernization#:~:text=Data%2DDriven%20LPTRP%20Development:%20The,maximize%20use%20expensive%20new%20PUVs\).](https://www.safetravelph.org/post/advancing-data-driven-public-transport-modernization#:~:text=Data%2DDriven%20LPTRP%20Development:%20The,maximize%20use%20expensive%20new%20PUVs).)

27 employment and decent work for all.

28

29 The government and all its branches, subdivisions, instrumentalities, and
30 agencies shall ensure the provision of technical guidance, financial assistance and
31 other incentives to the public transportation sector, especially the transportation
32 cooperative sector, as partners of the government in building a sustainable nation.

33

34 **Sec. 3. Objectives.** – This Act shall have the following objectives:

35 a) To make public land transportation safer, more comfortable, and
36 environmentally sustainable for the riding public through the modernization of
37 Public Utility Vehicles (PUVs) while ensuring that the security of tenure of long-
38 standing drivers in the PUV industry will be protected and that their right to
39 work until retirement will not be compromised;

40 b) To provide a means of support to drivers, operators, and other transport service
41 workers who can no longer take part in the PUV sector due to various reasons,
42 including those who choose to pursue work in a different sector and thus
43 require retraining and reskilling;

44 c) To revive the local manufacturing car industry by promoting the local assembly
45 of modernized jeepneys, thereby creating more job opportunities; and

46 d) To guarantee genuine and fair competition, and a level playing field within the
47 PUV sector.

48

49 **Sec. 4. PUV Modernization Program (PUVMP).** – A PUV Modernization Program,
50 herein referred to as “the Program” is hereby established in order to enhance the
51 safety, efficiency and sustainability of public ground transportation. The Department
52 of Transportation (DOTr), in consultation with other concerned agencies and
53 stakeholders, especially Transport Service Entities (TSEs), shall develop and
54 promulgate guidelines and policies for the phased transition from the current PUVs to
55 standards-compliant vehicles. The DOTr shall also provide for consultation and policy-
56 making spaces through which stakeholders in the process can provide
57 recommendations and reform options to DOTr and other relevant government
58 agencies.

59

60 **Sec. 5. Engine and Body Replacement Specification.** –

- 61 a) PUVs must comply with the specifications listed in the Philippine National
62 Standards, including, among others, specifications about height, width, and
63 entry;
- 64 b) PUVs tested and proven to be road-worthy by the DOTr and Department of
65 Trade and Industry's Bureau of Philippine Standards (DTI-BPS) shall only be
66 required to have engines replaced to be Euro 4 compliant;
- 67 c) The remaining budget under DTI's Comprehensive Automotive Resurgence
68 Strategy (CARS) program shall be used to incentivize and support the creation
69 and assembly of locally manufactured PUV units and parts;
- 70 d) Only emission testing centers duly authorized by the DTI, and Resources
71 (DENR) and DOTr shall be used in registering PUVs in regular emission testing;
72 and
- 73 e) DOTr shall plan for a phased implementation of the program following a five
74 (5) year transition period.

75
76 **Sec. 6. Financial Assistance.** –

- 77 a) Government Subsidy – Government financial assistance provided to TSEs who
78 elect to modernize shall not be lower than twenty percent (20%) of the
79 suggested retail price per unit to lighten the capital burden of modernization.
80 Moreover, the DOTr shall work with public and private financial institutions,
81 such as cooperative banks and other financial services cooperatives, among
82 others, to provide equitable financing for the modernized vehicles;
- 83
- 84 b) Public Transportation Loan Fund:
- 85 1. The Public Transportation Loan Fund ("Fund") is hereby established
86 as the principal source of financial assistance to the public
87 transportation sector for the pursuit of various economic activities
88 necessary in attaining the primary objective of the implementing the
89 PUVMP, including extending support to public transport workers.
- 90 2. The Fund shall be used in fleet modernization or vehicle/vessel
91 acquisition program that conforms to land and sea safety standards,
92 environmental protection laws and rules, and other relevant laws,

93 rules and regulations, and issuances.

- 94 3. The loanable amount shall be equal to eighty percent (80%) of the
95 suggested retail price of a modernized vehicle.
- 96 4. Only TSEs who have been issued a Notice of Selection by the
97 DOTr/LTFRB shall be qualified beneficiaries of the Fund.
- 98 5. The Landbank of the Philippines ("LBP") and the Development Bank
99 of the Philippines ("DBP") shall jointly administer the Fund, and
100 approve applications for loans, upon favorable recommendation of the
101 DOTr, and following simplified rules and requirements to be
102 established pursuant to Sec. 6(c) below.
- 103 6. An annual report to the House of Representatives, through the
104 Committee of Transportation, detailing its administration and
105 implementation of the Fund, shall be submitted; *and*

106
107 c) Loan Interest/Payment Options:

- 108 1. A tripartite mechanism involving government, financing institutions,
109 and TSEs shall be established to set policies for the Fund and other
110 issues on implementation. Recognizing that the Fund is established to
111 empower TSEs and accelerate the modernization of the country's
112 public transportation system, loan requirements shall be simplified
113 and tailored to the current situation and standing of TSEs, and no
114 additional or burdensome requirements may be imposed regarding
115 the release of such loans.
- 116 2. The interest rate on loan amortization shall not exceed four percent
117 (4%) diminishing annual interest considering the public service nature
118 of PUV services.
- 119 3. The loan amortization period shall be at least ten (10) years, with the
120 option for pre-termination on the part of the TSE; *Provided*, that the
121 loan shall be subject to re-computation if a TSE decides to pre-
122 terminate; *Provided, further*, that the total cost of the monthly
123 amortization shall be proportional to the monthly revenue of a PUV
124 driver or operator.

126 **Sec. 7. Assistance to TSEs Who Have Commenced Modernization.** – A TSE which
127 has already availed of subsidies and loans pursuant to the existing PUVMP under the
128 DOTr shall be qualified to avail of the subsidy and better terms under this Act;
129 *Provided,* that the tripartite mechanism established under Sec. 6(c)(1) above shall also
130 issue the rules and guidelines to implement this provision.

131
132 **Sec. 8. Compensation Option.** – Drivers who can no longer take part in the PUV
133 sector due to the Program shall be given a reasonable amount of financial assistance,
134 in coordination with the relevant Local Government Units (LGUs), to enable them to
135 venture into other forms of livelihood. In addition, The DOTr, together with Technical
136 Education and Skills Development Authority (TESDA) and Department of Labor and
137 Employment (DOLE), shall create a joint task force in order to create and implement
138 programs for the effective transition of former drivers to other forms of livelihood.

139
140 **Sec. 9. PUV Sector Competitiveness Enhancement.** – To prevent unwanted
141 competition between drivers and operators planning on operating in the same area, a
142 “first usage”/“first presence” policy shall be implemented. Long term
143 existing/residential operators/drivers within a particular area shall be given priority in
144 route assignment; *Provided,* that the foregoing shall be conditioned upon concrete
145 plans to modernize the operator’s fleet; *Provided, further,* that the DOTr, in the
146 issuance shall, in the issuance of authorities to operate, shall take into consideration
147 circumstances wherein it is impractical or not feasible for one (1) TSE to service one
148 (1) route. In any event, the modernization of the PUV fleet shall be the topmost
149 consideration in granting route assignments.

150
151 **Sec. 10. Route Rationalization and Fleet Management.** – The DOTr shall
152 prioritize the creation and implementation of an efficient fleet management system
153 and route rationalization plans throughout the country. It shall also extend aid to TSEs
154 that will be affected by route rationalization.

155
156 **Sec. 11. Removal of Authority to Operate.** – Once the route rationalization and
157 fleet management plans have been approved and are operational, any operator that
158 shall not update and modernize at least fifty percent (50%) of the number of

159 authorized units included in the Notice of Selection issued by the LTFRB, and in
160 accordance with other relevant issuances and directives, within five (5) years from the
161 effectivity of this Act shall have its authority to operate be revoked.

162

163 **Sec. 12. Penal Provisions.** – Any person who, by fault, negligence or omission,
164 causes, either directly or indirectly, the failure to issue the LPTRP shall be held liable,
165 and the following penalties shall be imposed:

166 a) First Offense: Administrative liability of not more than six (6) months
167 suspension, with a fine of not less than Twenty Thousand Pesos (Php
168 20,000.00) to Two Hundred Thousand Pesos (Php 200,000.00): *Provided,*
169 *however,* that in the case of fixing and/or collusion, the penalty and liability
170 under Sec. 12(b) of this Act shall apply.

171 b) Second Offense: Administrative liability and criminal liability of dismissal from
172 service, perpetual disqualification from holding public office and forfeiture of
173 retirement benefits, and imprisonment of one (1) year to six (6) years with a
174 fine of not less than Five Hundred Thousand Pesos (Php 500,000.00), but not
175 more than Two Million Pesos (Php 2,000,000.00).

176

177 The foregoing shall not be a bar to the institution of criminal actions pursuant to
178 other applicable laws, including but not limited to Article 210 of the Revised Penal
179 Code, such as through the commission of bribery, extortion, or when the violation was
180 done deliberately and maliciously to solicit favor in cash or in kind. In such cases, the
181 pertinent provisions of the Revised Penal Code and the relevant special laws shall apply.

182

183 **Sec. 13. Appropriations.** – The equivalent of twenty percent (20%) annual share
184 of the total gross collections of the Motor Vehicle User’s Charge (MVUC) collected
185 pursuant to Republic Act No. 8794, as amended, shall be utilized to fund this Act. The
186 amount shall be indicated as a separate line item under the budget of the DOTr in the
187 annual General Appropriations Act (GAA).

188

189 The MVUC shall also be the principal source of the Fund, as established under
190 Sec. 6(b) of this Act, in the amount of Fifty Billion Pesos (Php 50,000,000,000.00).

191

192 **Sec. 14. *Implementing Rules and Regulations.*** – The Secretary of
193 Transportation, in consultation with other relevant government agencies and transport
194 sector groups and cooperatives, shall issue the rules and regulations necessary for the
195 effective implementation of this Act within sixty (60) days of its effectivity.

196
197 **Sec. 15. *Annual Reports.*** – The agencies involved in the PUVMP, headed by the
198 DOTr, shall submit an annual report to the Congress of the Philippines on the progress
199 of the PUVMP, and offer recommendations for possible legislation.

200
201 **Sec. 16. *Joint Congressional Oversight Committee.*** – There is hereby created a
202 Joint Congressional Oversight Committee (JCOC) composed of seven (7) members
203 from the Senate and House of Representatives, respectively, which shall be co-chaired
204 by the Senate Committee on Public Services and House Committee on Transportation.
205 Within five (5) years after the effectivity of this Act, or as the need arises, the House
206 JCOC shall conduct a sunset review. For purposes of this Act, the term “sunset review”
207 shall mean a systematic evaluation of the accomplishments and impact of this Act, as
208 well as the performance and organizational structure of its implementing entities, for
209 purposes of determining remedial legislation.

210
211 **Sec. 17. *Separability Clause.*** – If for any reason, any part or provision of this
212 Act is declared invalid, unlawful, unenforceable, or unconstitutional, the remaining
213 parts or provisions not affected thereby shall remain in full force and effect.

214
215 **Sec. 18. *Repealing Clause.*** – All laws, executive orders, presidential decrees,
216 rules and regulations or parts thereof contrary to or inconsistent with any provisions
217 of this Act are hereby repealed, amended or modified accordingly.

218
219 **Sec. 19. *Effectivity.*** – This Act shall take effect fifteen (15) days after its
220 publication in the Official Gazette or in two (2) national newspapers of general
221 circulation.

222
223 *Approved,*