



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

TWENTIETH CONGRESS
First Regular Session



HOUSE BILL NO. 6425

Introduced by Representative DE CARLO "OYO" L. UY

EXPLANATORY NOTE

The Public Utility Vehicle (PUV) Modernization Program has laid the groundwork for improving road-based public transportation in the country. However, gaps in implementation and inconsistencies with existing issuances and laws have limited its impact on ensuring safe, reliable, accessible, and sustainable mobility for commuters.

This bill seeks to codify and institutionalize the PUV Modernization Program by harmonizing it with the amended Public Service Act (RA 11659), Department of Transportation (DOTr) and Land Transportation Franchising and Regulatory Board (LTFRB) issuances such as the Omnibus Franchising Guidelines, the Clean Air Act (RA 8749), the Electric Vehicle Industry Development Act (RA 11697), the Energy Efficiency and Conservation Act (RA 11285), the Accessibility Law (BP 344), the Data Privacy Act (RA 10173), and other related standards.

The measure establishes durable rules on financing, labor protection, safety, and transition, while balancing the mandates of national regulation and the prerogative of local government units in route planning. In doing so, it provides a comprehensive and long-term framework for modernizing road-based transport that ensures fairness to operators, security for workers, and improved services for the riding public.

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


DE CARLO "OYO" L. UY
Representative
First District, Davao del Norte



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AN ACT
MODERNIZING ROAD-BASED PUBLIC TRANSPORTATION THROUGH SAFE,
RELIABLE, ACCESSIBLE, ENVIRONMENTALLY SUSTAINABLE, AND
FINANCIALLY VIABLE SERVICES; STRENGTHENING ROUTE PLANNING AND
FRANCHISING; PROFESSIONALIZING THE WORKFORCE; ESTABLISHING A
NATIONAL FINANCING AND SCRAPPAGE PROGRAM; AND FOR OTHER
PURPOSES

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

1 **SECTION 1. Title.** – This Act shall be known as the “Public Utility Vehicle Modernization
2 Act of 2025.”

3
4 **SECTION 2. Declaration of Policy and Objectives.** – It is the policy of the State to:

- 5
6 (a) Ensure the provision of safe, reliable, affordable, and predictable public transport
7 services;
8 (b) Reduce greenhouse gas and pollutant emissions from road-based transport
9 operations;
10 (c) Professionalize public utility vehicle operations and safeguard the rights and welfare
11 of transport workers;
12 (d) Streamline, digitize, and depoliticize the franchising system to promote efficiency and
13 transparency; and
14 (e) Align national regulatory frameworks with local route planning, consistent with the
15 Public Service Act, as amended, the Clean Air Act, the Electric Vehicle Industry
16 Development Act (EVIDA), the Energy Efficiency and Conservation Act, the Climate
17 Change Act, the Magna Carta for Persons with Disability, the Senior Citizens Act, and
18 other applicable laws.
19

20 **SECTION 3. Coverage and Modes.** – This Act shall apply to all road-based public transport
21 services, including but not limited to public utility jeepneys (PUJs), minibuses, buses, UV
22 express, taxis, transport network vehicle services (TNVS) or ride-hailing services, tourist
23 transport when operating as public services, and feeder shuttle services. It shall cover all
24 franchised services operating on both national and local roads throughout the country.
25

26 **SECTION 4. *Definition of Terms.*** – As used in this Act:
27

- 28 (a) *Fleet Consolidation* – organization of units under a single franchise entity per
29 route/service area with unified fleet management, dispatch, safety, and data
30 reporting.
31
- 32 (b) *Modern Vehicle* – a PUV meeting the minimum technology, safety, accessibility, and
33 emissions standards under this Act and its IRR.
34
- 35 (c) *Operator* – the franchise holder, whether a cooperative, corporation, single
36 proprietorship, or LGU-owned entity.
37
- 38 (d) *Public Utility Vehicle (PUV)* – a road vehicle operating for compensation to transport
39 passengers along authorized routes or service areas.
40
- 41 (e) *Route Rationalization* – technical planning to match capacity with demand, reduce
42 duplication, and ensure network connectivity.
43
- 44 (f) *Service Contracting* – government purchase of transport services based on kilometers
45 or hours delivered and quality metrics; and
46
- 47 (g) *Zero/Low-Emission* – electric, hydrogen, or internal combustion meeting the latest Euro
48 or equivalent standards prescribed by DENR and/or DOTr.
49

50 **SECTION 5. *Institutional Roles.*** – To ensure effective implementation of this Act, the
51 following agencies and entities shall perform their respective mandates:
52

- 53 (a) Department of Transportation (DOTr). – Lead in policy formulation and standard-
54 setting; approve national network guidelines; and administer the National PUV
55 Modernization Facility (NPMF).
56
- 57 (b) Department of Budget and Management (DBM), Department of Finance (DOF), Land
58 Bank of the Philippines (LBP), and Development Bank of the Philippines (DBP). –
59 Provide capitalization for the NPMF and extend concessional lending for
60 modernization initiatives.
61
- 62 (c) Department of Environment and Natural Resources (DENR). – Set emissions
63 standards and establish testing protocols in accordance with environmental laws.
64
- 65 (d) Department of Information and Communications Technology (DICT). – Develop and
66 enforce standards for data interoperability, GPS/Automatic Vehicle Location (AVL)
67 systems, automated fare collection (AFC), and open General Transit Feed Specification
68 (GTFS) and GTFS real-time feeds.
69
- 70 (e) Department of Labor and Employment (DOLE) and Technical Education and Skills
71 Development Authority (TESDA). – Enforce labor standards; and oversee training
72 and certification of drivers, mechanics, and dispatchers.
73
- 74 (f) Department of the Interior and Local Government (DILG) and Local Government
75 Units (LGUs). – Prepare Local Public Transport Route Plans (LPTRPs); provide
76 rights-of-way and terminals; enforce traffic management support; and adopt
77 complementary ordinances consistent with this Act.

- (g) Land Transportation Franchising and Regulatory Board (LTFRB). — Exercise authority over franchise issuance; conduct route auctions or awards; regulate fares; administer service contracting; undertake compliance audits; publish open data; and coordinate enforcement activities.
- (h) Land Transportation Office (LTO). — Handle registration and plate issuance; and conduct inspections to ensure vehicle compliance with safety and technical standards.
- (i) Philippine Coast Guard (PCG), Philippine National Police-Highway Patrol Group (PNP-HPG), Metropolitan Manila Development Authority (MMDA), and LTFRB Regional Offices. — Conduct joint enforcement of franchising, traffic, and safety regulations.

SECTION 6. *The National PUV Modernization Facility (NPMF).* - There is hereby created a special revolving facility, to be administered by the DOTr in coordination with the Land Bank of the Philippines (LBP) and the Development Bank of the Philippines (DBP), to finance fleet modernization and related infrastructure. The Facility shall have the following features:

- (a) *Financing Instruments.* — The Facility shall provide zero- to low-interest loans, credit guarantees, lease-purchase schemes, viability gap subsidies, and scrappage incentives in support of the transition to modernized public utility vehicles.
- (b) *Target Beneficiaries.* — Priority assistance shall be extended to small operators consolidating into cooperatives or corporations, routes serving low-income or geographically isolated areas, and operators shifting to zero- or low-emission fleets.
- (c) *Local Content and Employment.* — Preferential financing rates shall be provided for domestically assembled vehicles that comply with DOTr and Department of Science and Technology (DOST) standards, in order to support local industry and generate employment.
- (d) *Transparency.* — All awards, financing terms, beneficiaries, and performance outcomes under the Facility shall be published through open data platforms accessible to the public.

SECTION 7. *Modern Vehicle Standards.* - PUVs operating under this Act shall comply with the following minimum standards:

- (a) *Safety:* Vehicles shall be equipped with rollover and side-impact protection, anti-lock braking systems (ABS), fire suppression systems for electric PUVs, emergency exits, closed-circuit television (CCTV), speed limiters, and tire pressure monitoring systems (TPMS), where applicable.
- (b) *Accessibility:* Vehicles shall incorporate step height limits, ramps or kneeling capability, priority seating, audio-visual next-stop announcements, and other features compliant with Batas Pambansa Blg. 344 or the Accessibility Law.
- (c) *Emissions/Energy:* Vehicles shall comply with phased energy and emissions targets, including the requirement that at least fifty percent (50%) of new fleet procurements nationwide be zero-emission by 2028, and one hundred percent (100%) of procurements in highly urbanized cities by 2035, with interim upgrades to Euro or equivalent standards in areas where zero-emission fleets are not yet feasible.

(d) *Digital Systems*: Vehicles shall be fitted with global positioning systems (GPS) or AVL devices, automated fare collection (AFC) systems compliant with DOTr standards, and interoperable ticketing systems that are open and non-proprietary across operators and modes.

(e) *Maintenance*: Operators shall implement mandatory preventive maintenance programs, and vehicles shall secure annual safety certificates issued by accredited facilities.

SECTION 8. *Franchising Reform and Route Awards.* – The issuance of public utility vehicle franchises shall be reformed in accordance with the following principles:

(a) *Single-Route Franchise Entities.* – Franchises shall be issued per route or service area exclusively to consolidated entities that are able to comply with prescribed fleet, depot, and service standards.

(b) *Competitive Award.* – Route franchises shall be granted through transparent auctions or comparative evaluation, based on criteria including service plan, fleet composition, fare structure, safety record, environmental performance, labor plan, and financial capacity.

(c) *Franchise Term.* – Franchises shall be valid for a term of seven (7) to ten (10) years, extendible based on satisfactory performance, and may be terminated prior to expiration in cases of material breach.

(d) *Performance Contracts.* – Franchise awards shall include measurable key performance indicators (KPIs) such as on-time performance, waiting time, load factor, safety incidents, cleanliness, accessibility, and data accuracy, with corresponding penalties or incentives.

(e) *Segregation of Small Routes.* – For routes with thin demand, the LTFRB may authorize micro-franchises or local government unit-operated services subject to simplified requirements.

SECTION 9. *Service Contracting and Public Service Obligations.* – To ensure affordable, equitable, and socially responsive public transport services, the following mechanisms shall be adopted:

(a) The DOTr and the LTFRB may enter into service contracts with operators, on a per-kilometer or per-hour basis, to stabilize operator income, expand route coverage, and ensure the provision of socially necessary services such as night routes, low-demand services, operations during calamities, and first- or last-mile connectivity.

(b) Payments under service contracts shall be performance-based, determined through verified GPS or AVL data and automated ticketing records.

(c) Concession agreements may include fare integration schemes, as well as free or discounted rides for specific passenger groups, which shall be funded through the General Appropriations Act and local government funds, as applicable.

SECTION 10. *Education and Lifelong Learning.* – In order to promote continuous skills development and strengthen the professionalization of the transport workforce, the Department of Transportation (DOTr) shall administer and implement a compulsory Education and Lifelong Learning Program for all non-professional drivers operating under duly registered transport operators.

The DOTr shall conduct at least two (2) seminars per year, each with a minimum duration of two (2) hours, covering road safety, updated traffic regulations, defensive driving, customer service, and other relevant competencies. Attendance in at least one (1) seminar per year shall be a mandatory requirement for the renewal of a driver's license. Failure to attend the required seminar within a one-year period shall constitute a ground for non-renewal.

Transport operators shall ensure the full participation and compliance of all drivers under their employ. Failure of an operator to comply with this requirement shall subject the operator to administrative penalties, while repeated or willful violations shall be grounds for suspension of the operator's franchise or permit, after due process.

The Implementing Rules and Regulations (IRR) of this Act shall detail the specific types of violations, corresponding penalties, monitoring mechanisms, and enforcement procedures necessary to carry out the provisions of this Section.

SECTION 11. *Labor and Social Protection.* – To safeguard the welfare of transport workers and ensure a just transition under this Act, the following provisions shall apply:

- (a) *Labor Compliance Plan.* – Operators shall submit a Labor Compliance Plan which shall include:
 - i. written employment contracts;
 - ii. transition from the pure boundary system to wage-based or hybrid compensation models with social insurance;
 - iii. compliance with Social Security System (SSS), Philippine Health Insurance Corporation (PhilHealth), Home Development Mutual Fund (Pag-IBIG), and occupational health and safety (OHS) standards; and
 - iv. TESDA-certified training programs for drivers, mechanics, and dispatchers.
- (b) *Non-Displacement of Workers.* – Incumbent qualified drivers and conductors shall be given priority in hiring by the consolidated or newly awarded franchise entity.
- (c) *Grievance and Mediation Mechanism.* – A mechanism led by the DOLE shall be established to resolve labor-related disputes. Violations of labor provisions shall be grounds for penalties, including suspension or cancellation of franchise.

SECTION 12. *Fare Regulation and Affordability.* – To ensure fairness and transparency in fare setting while protecting commuter welfare, the following rules shall apply:

- (a) The LTFRB shall adopt a transparent fare-setting formula that reflects efficient cost, reasonable return, service quality, and social objectives, with automatic adjustment mechanisms linked to fuel and electricity price movements.
- (b) Concession agreements may include fare caps, with compensatory payments sourced from the NPMF or local government funds.

- (c) Mandatory fare discounts for students, senior citizens, and persons with disability (PWDs) shall be integrated into automated fare collection (AFC) systems and reimbursed to operators promptly.

SECTION 13. *Scrappage and Just Transition.* — To support a just and environmentally sound transition, the following measures shall be implemented:

- (a) *Scrappage Incentive.* — Operators shall be granted per-unit incentives for verified de-registration and environmentally sound disposal of non-compliant units, with higher incentives allocated to low-income owner-operators.
- (b) *Depot and Charging Support.* — Grants or concessional loans shall be made available for the construction of depots, charging facilities, battery leasing systems, and on-route charging infrastructure, in coordination with the Department of Energy (DOE) and distribution utilities to ensure adequate power supply.
- (c) *Technical Assistance.* — Help desks shall be established to provide assistance on consolidation, business planning, and regulatory compliance.

SECTION 14. *Data and Transparency.* — To strengthen accountability and ensure data-driven planning, the following provisions shall apply:

- (a) *Open Transport Data.* — Operators and the LTFRB shall publish route alignments, schedules, stops, fleet lists, AFC rules, key performance indicators (KPIs), and anonymized performance data in machine-readable formats, including General Transit Feed Specification (GTFS) and GTFS real-time.
- (b) *Privacy.* — Operators shall comply with the Data Privacy Act of 2012 (RA 10173), and personally identifiable passenger information shall not be published.

SECTION 15. *Enforcement and Penalties.* — To ensure compliance with the provisions of this Act, the following enforcement mechanisms shall apply:

- (a) Graduated penalties for safety, labor, data, and service violations may include warnings, fines, suspension, route adjustments, or franchise cancellation.
- (b) Immediate grounds for suspension shall include tampering with AFC or GPS systems, operation of unroadworthy units, fraudulent scrappage claims, systematic violations of labor laws, or repeated safety incidents.
- (c) It shall also be the duty of the operator to ensure its drivers are adequately trained and aware of traffic ordinances and regulations in the routes their drivers ply. With this, a non-immediate ground for suspension shall also be excessively repetitive traffic violations committed by their workforce. The nature of the violation of the traffic ordinance and/or regulations, and the corresponding number of infractions required for suspension shall be detailed in the Implementing Rules and Regulations of this Act.
- (d) Workers and passengers who report violations shall be protected from retaliation under mechanisms to be established in the Implementing Rules and Regulations (IRR).

SECTION 16. *Transition, Recognition of Existing Efforts, and Supersession of Conflicting Issuances.* — To provide continuity and a clear transition path, the following shall apply:

(a) *Recognition.* — Valid franchises and consolidations issued under prior DOTr or LTFRB issuances shall remain effective until expiry, subject to compliance with the standards of this Act upon renewal.

(b) *Transition Timeline.*

i. Within six (6) months: IRR issued; NPMF operational; national AFC and data standards published.

ii. Within twelve (12) months: all LGUs shall have approved Local Public Transport Route Plans (LPTRPs); interim service contracting available.

iii. Within twenty-four (24) months: all franchises on prioritized urban corridors awarded under this Act; at least thirty percent (30%) of new vehicles deployed on such corridors shall be zero-emission.

iv. Within sixty (60) months: nationwide compliance with vehicle, labor, and data standards; fifty percent (50%) of new procurements nationwide shall be zero-emission, and one hundred percent (100%) in highly urbanized cities by 2035.

(c) *Supersession.* — All inconsistent department orders, circulars, and memoranda are repealed or amended upon effectivity of the IRR, except for safety or environmental rules that are stricter than the provisions of this Act.

SECTION 17. *Public Transport Infrastructure and Priority Measures.* — To complement modernization efforts, supporting infrastructure shall be provided as follows:

(a) DOTr and LGUs may designate dedicated bus and PUV lanes, transit signal priority systems, and queue-jump lanes.

(b) Stops and terminals shall comply with universal design standards. LGUs shall provide rights-of-way, while advertising or value-capture arrangements may fund operations and maintenance.

(c) First- and last-mile facilities such as sidewalks and bikeways shall be integrated with PUV stops, with unified fare and information systems.

SECTION 18. *Procurement and Local Industry Development.* — To ensure fair procurement and promote domestic industry, the following shall apply:

(a) Public procurement of fleets and systems shall follow Republic Act No. 12009, allowing framework agreements and quality-based evaluation for technology systems.

(b) The DOTr may accredit platform integrators for AFC and data to ensure interoperability and prevent vendor lock-in.

(c) The DTI and the Board of Investments shall extend incentives to support local manufacturing, battery assembly, and related components for PUV modernization.

SECTION 19. *Financing and Appropriations.* — To guarantee adequate and sustainable funding, the following rules shall apply:

- 336 (a) The initial capitalization of the NPMF shall be Fifty Billion Pesos (P50,000,000,000.00),
337 sourced from current and subsequent General Appropriations, green bonds, and other
338 sources.
339 (b) Annual appropriations shall be allocated to support service contracting, scrappage
340 incentives, depot and charging grants, training programs, and enforcement activities.
341 (c) LGUs may establish Local Public Transport Modernization Funds aligned with this
342 Act.
343

344 **SECTION 20. Citizen Participation and Redress.** — To uphold commuter rights and
345 strengthen accountability, the following shall be ensured:
346

- 347 (a) Public consultations shall be conducted for new routes, fare adjustments, and major
348 service revisions.
349 (b) A Passenger Charter shall be displayed in vehicles and terminals, outlining service
350 commitments and available complaint mechanisms.
351 (c) An independent performance audit shall be conducted annually, with results
352 published in publicly accessible formats.
353

354 **SECTION 21. Separability Clause.** — If any provision of this Act is declared
355 unconstitutional, the remaining provisions shall continue to be in full force and effect.
356

357 **SECTION 22. Repealing and Amending Clause.** — All laws, decrees, executive orders, rules,
358 and regulations inconsistent with this Act are hereby repealed or amended accordingly.
359

360 **SECTION 23. Effectivity.** — This Act shall take effect fifteen (15) days after its publication in
361 the Official Gazette or in a newspaper of general circulation.
362

363 *Approved.*