

Republic of the Philippines
HOUSE OF REPRESENTATIVES
Quezon City

TWENTIETH CONGRESS
Second Regular Session

HOUSE BILL NO. 10717



Introduced by: Representative Arnulf Bryan "Arnie" B. Fuentebella

EXPLANATORY NOTE

This bill seeks to reorganize the Land Transportation Office, which was created pursuant to Republic Act No. 4136 and Executive Order No. 12S-A, in order to consolidate and rationalize its functions and processes uninhibited by unnecessary control and fiscal constraints that deter its expeditious modernization and carrying out of its mandates.

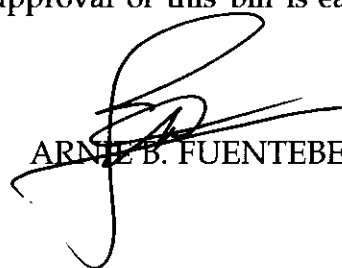
As envisioned by the bill, a National Land Transportation Authority shall be created in place of the Land Transportation Office, which shall be a self-reliant and globally competitive government agency that provides excellent and vibrant public service through innovative technology, and will have the primary function of planning, policy formulation, coordinating, implementing, regulating as an administrative entity of the government in the promotion, development and regulation of motor vehicle registration, driver's licensing, and enforcement of land based transportation and traffic laws.

This bill seeks to authorize the NLTA to use eighty percent (80%) of the income that it collects from its operation to allow the agency to perform its broad functions and enable it to modernize to be updated with present needs to ensure public safety and welfare.

The proposal will also address the public's requirement for bureaucratic efficiency, professionalization, and eradication of perceived corruption through the reorganization of the LTO which will virtually eliminate the inept and corrupt that are otherwise protected by the Civil Service rules and regulations as to security of tenure

The growing complexity of the transportation sector brought about by modernization and progress has necessitated the creation of an Agency that is modernized both functionally and organizationally to facilitate the regulation and promotion of the sector as a whole.

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



ARNIE B. FUENTEBELLA

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AN ACT
ESTABLISHING THE NATIONAL LAND TRANSPORTATION AUTHORITY,
APPROPRIATING FUNDS THEREFOR AND FOR OTHER PURPOSES

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

ARTICLE I
TITLE, POLICIES, OBJECTIVES AND SCOPE OF THE ACT

SEC. 1. *Title.* - This act shall be known as the "*National Land Transportation Authority (NLTA) Act of 2026*".

SEC. 2. *Policy and Objectives.* - The state shall pursue the development, maintenance and expansion of a viable, efficient, safe and dependable land transportation system as an effective instrument for national development and economic progress, specifically through a globally competitive government agency that provides excellent and vibrant public service through innovative technology; the establishment of a motor vehicle statistical office as the principal source of information for long term planning in order to improve and sustain the administration of motor vehicle manufacture, ownership, use, licensing of drivers, enforcement of transportation and traffic laws, through its quasi-legislative and quasi-judicial functions.

The Authority shall have a distinct, independent and different organizational set-up and functions from the Land Transportation Franchising & Regulatory Board for check and balance. The Authority shall however continue to be the law enforcing arm of the LTFRB, except for regulatory rules that are within its exclusive mandate.

In order to improve the administration of the land transportation industry, The Authority shall absorb the functions of the Land Transportation Office created pursuant to Executive Order 125, as amended, and it is hereby reorganized structurally and functionally in accordance with the provisions of this Act, and shall have the functions of developing, formulating and implementing plans, programs, policies, standards, specifications and guidelines pertaining to land transportation.

SEC. 3. *Scope of the Act* - The provisions of the Act shall control, as far as they apply, the registration and operation of motor vehicles; licensing of drivers and conductors; enforcement of traffic rules, laws and regulations; adjudication of traffic and non-traffic violations; regulation of activities of motor vehicle manufacturers, assemblers, importers, and dealers, and the regulation of land based motor vehicles pursuant to Republic Act 8749 or the Clean Air Act of 1999 for environmental protection, and such other related laws.

ARTICLE II

DEFINITIONS

SEC. 4. *Words and phrases defined.* - As used in this Act, the following terms shall mean:

(a) "Motor Vehicle" shall mean any vehicle propelled by any power other than muscular power using the public highways, but excepting road rollers, trolley cars, street-sweepers, sprinklers, lawn mowers, bulldozers, graders, fork-lifts, amphibian trucks, and cranes if not used on public highways, vehicles which run only on rails or tracks, and tractors, trailers and traction engines of all kinds used exclusively for agricultural purposes.

Trailers having any number of wheels, when propelled or intended to be propelled by attachment to a motor vehicle, shall be classified as separate motor vehicle with no power rating.

The definition of motor vehicles include Electric Vehicles (EVs) which are defined as a motor vehicle powered by electric motors with power storage charge directly from external sources; Light Electric Vehicles (LEVs) which are defined as two wheeled or three-wheeled vehicle that is powered by a battery powered motor with no more than 36 voltage output and with amps per hour ranging from 10 to maximum of 60 capable of propelling the device at a speed of not more than 55 kph on flat surface; and e-trikes which are motor vehicles powered by electrical energy from rechargeable batteries symmetrically arranged mounted with cabin which is designed to travel on three wheels for six (6) or less passengers excluding the driver depending on the number of seats provision

(b) "Passenger automobiles" shall mean all pneumatic-tire vehicles of types similar to those usually known under the following terms: touring car, command car, speedster, sports car, roadster, jeep, cycle, car (except motor wheel and similar small outfits which are classified with motorcycles), coupe, landau let, closed car, limousine, cabriolet, and sedan.

Motor vehicles with changed or rebuilt bodies, such as jeepneys, jitneys, or station wagons, using a chassis of the usual pneumatic-tire passenger automobile type, shall also be classified as passenger automobile, if their net allowable carrying capacity, as determined by the Director General of National Land Transportation Authority, does not exceed nine passengers and if they are not used primarily for carrying freight or merchandise.

The distinction between "passenger truck" and "passenger automobile" shall be that of common usage: Provided, that a motor vehicle registered for more than nine passengers shall be classified as "truck": And Provided, further, that a "truck with seating compartments at the back not used for hire shall be registered under special "S" classifications. In case of dispute, the Director General of National Land Transportation Authority shall determine the classification to which any special type of motor vehicle belongs.

(c) "Articulated vehicle" shall mean any motor vehicle with a trailer having no front axle and so attached that part of the trailer rests upon motor vehicle and a substantial part of the weight of the trailer and of its load is borne by the motor vehicle. Such a trailer shall be called as "semi-trailer."

(d) "Component" shall mean any part of a motor vehicle such as engine, chassis and body or parts thereof.

(e) "Rebuilt Motor Vehicle" means a locally assembled vehicle using new or used engine, major parts or components;

(e) "Driver" shall mean every and any licensed operator of a motor vehicle.

(f) "Professional driver" shall mean every and any driver hired or paid for driving or operating a motor vehicle, whether for private use or for hire to the public.

Any person driving his own motor vehicle for hire is a professional driver.

(g) "Non-Professional Driver" shall mean any person operating any vehicle except public utility vehicle, without compensation.

(h) "Conductor" shall mean a person assisting the driver of a public utility vehicle to ensure the safety of cargoes and/or passengers while said vehicle is in operation.

(i) "Owner" shall mean the person or entity identified as the motor vehicle owner in the motor vehicle registration or by a valid deed of sale;

The "owner" of a government-owned motor vehicle is the head of the office or the chief of the Bureau to which the said motor vehicle belongs.

(j) "Dealer" shall mean every person, association, partnership, or corporation making, manufacturing, constructing, assembling, remodeling, rebuilding, or setting up motor vehicles; and every such entity acting as agent for the sale of one or more makes, styles, or kinds of motor vehicles, dealing in motor vehicles, keeping the same in stock or selling same or handling with a view to trading same.

(k) "Manufacturer or Assembler" means any entity or person who manufactures or assembles motor vehicles, for eventual use in the Philippines.

(l) "Garage" shall mean any building in which two or more motor vehicles, either with or without drivers, are kept ready for hire to the public, but shall not include street stands, public service stations, or other public places designated by proper authority as parking spaces for motor vehicles for hire while awaiting or soliciting business.

(m) "Gross weight" shall mean the measured weight of a motor vehicle plus the maximum allowable carrying capacity in merchandise, freight and/or passenger, as determined by the Director General of the National Land Transportation Authority.

(n) "Highways" shall mean every public thoroughfare, public boulevard, driveway, avenue, park, alley and callejon, but shall not include roadway upon grounds owned by private persons, colleges, universities, or other similar institutions.

(o) "The Director General of National Land Transportation Authority" shall mean the incumbent chief of the National Land Transportation Authority duly appointed under this Act by the President for a fixed term.

(p) "Deputies" shall mean the organic and duly authorized representatives of the Director General to carry out the provisions of this Act.

(q) "Agents" shall mean the duly designated representatives of the Director General authorized to assist in enforcing the provisions of this Act.

(r) "Tourist" shall mean a foreigner who travels from place to place for pleasure or culture.

(s) "Public Utility Operator" shall mean the registered owner of the motor vehicles authorized for public utility operation by the Land Transportation Franchising and Regulatory Board, or a person or entity that manages a transport business but not necessarily a vehicle owner.

(t) "Deputies" shall mean the organic and duly authorized representatives of the Director General to carry out the provisions of this Act.

(u) "Modification" means any physical change or alteration in the part, components of a motor vehicle, to which a standard applies, which compromises its road worthiness, and/or its use is unsafe or endanger the driver, passengers, pedestrians or other motorists.

(v) All other terms not specifically defined herein shall have the same meaning and purpose as used in Section 3, Article II of Republic Act 4136.

ARTICLE III

CREATION, POWERS AND FUNCTIONS

SEC. 5. *Creation of the NLTA* - The National Land Transportation Authority (NLTA), hereinafter referred to as the Authority, is hereby created, which shall be attached to the Department of Transportation for purposes of policy coordination.

Notwithstanding the foregoing, nothing in this Act shall diminish the powers and functions of the National Land Transportation Authority (NLTA) as provided for under Republic Act No. 4136, also known as "*An Act to Compile the Laws Relative to Land Transportation and Traffic Rules, to Create a Land Transportation Commission and for Other Purposes*", as amended.

SEC. 6. *Powers and Functions* - To accomplish its mandate and objectives, the Authority is authorized to:

(a) Prepare the periodic National Land Transportation Development Program for approval by the NEDA Board; evaluate and package projects and investment programs; and for this purpose, may call on any agency or organization whether public or private whose development plans include land transportation as an integral part thereof, to participate in the preparation and implementation of such programs;

(b) Enter into contract with domestic and foreign companies for services and products duly approved in the National Land Transportation Development Program;

(c) Promulgate, administer and enforce standards of measurements, designs, and rules and regulations requiring owners of motor to equip, install and provide in their motor vehicles such devices, equipment, facilities and vehicle maintenance procedures and techniques as may promote safety, protection, comfort and convenience to persons and property;

(d) Notwithstanding an act of Congress, prescribe a uniform and rationalized fees and charges for the registration of motor vehicles and licensing of drivers;

(e) Establish and prescribe the corresponding rules and regulation for the enforcement of laws governing land transportation, including the penalties and penalties for the violations thereof, and for the deputation of appropriate law enforcement agencies in pursuance thereof;

(f) Accredite and regulate the activities of motor vehicle and motor vehicle component manufacturers, assemblers, importers and dealers; the operation of driving schools; inspection stations for safety and smoke emission, clinics and laboratories to conduct medical and psychological examination, and insurance companies and other activities related to the function of the Authority;

(g) Establish and prescribe the rules, regulations, procedures and standards for the accreditation of driving schools;

(h) Establish rules and regulations for the inspection and registration of motor vehicle; issuance, suspension and revocation of driver's licenses and permits, type approval for safety standards of motor vehicles and accessories; issuance of motor vehicle identification plates and validating stickers;

(i) Promulgate rules and regulations for the effective enforcement of all land transportation and traffic laws, rules and regulations and impose and collect fines and penalties for violations thereof;

(j) Make arrests for violations of the land transportation laws;

(k) Issue subpoena and subpoena duces tecum to compel the appearance of motor vehicle owners, drivers and other persons;

(l) Fix, impose and collect, and periodically review and adjust reasonable fees and other related charges for services rendered, as well as administrative fines for violation of pertinent laws, orders, rules and regulations, decisions and rulings;

(m) Compile, maintain and manage an integrated data center with appropriate communications linkages for records and statistics in land transportation including a uniform traffic violation accident and stolen motor vehicles reporting system;

(n) Generate non-tax revenues out of its assets, properties and services; and

(o) Perform such other powers and functions as maybe provided by law.

ARTICLE IV

ADMINISTRATION

SEC. 5. *Executive Officers.* - The Authority shall be headed by a Director General of Land Transportation, referred to in this Act as the "Director General", who shall be appointed by the President of the Philippines and shall be responsible for all land transportation in the Philippines and the administration of this Act.

The Director General shall have the rank, salary and qualifications equivalent to that of a Department Undersecretary, who must have sufficient knowledge and background in land transportation management, and shall have a tenure of office for a period of four (4) years. His appointment may be extended for another non-extendible term of four (4) years and shall only be removed for cause in accordance with the rules and regulations prescribed by the Civil Service Commission.

SEC. 6. *Responsibility of the Director General* - The Director General shall be responsible for the exercise of all powers and the discharge of all duties of the Authority and shall have control over all personnel and activities of the Authority.

The Director General shall be assisted by three (3) Deputy Director-Generals - for Administration and Finance, Plans and Operations, and Law Enforcement and Adjudication - with rank, salary and qualifications equivalent to that of an Assistant Secretary, preferably a Career Executive Service Officer (CESO) or third level eligible possessing at least ten (10) years experience and practice in land transportation management and administration.

SEC. 7. *Powers of the Director General* - As Chief Executive Officer of the Authority, the functions and powers of the heads of the Land Transportation Office, as provided under R.A. 4136 as amended as well as other laws otherwise not expressly defined in this Act are now deemed transferred, vested and exercised by the Director General of the Authority, including the following:

- (a) Implement, enforce and apply the policies, programs, guidelines, procedures, rules and regulations promulgated, prescribed, issued and adopted by the Authority;
- (b) Manage the affairs of the Authority to ensure the smooth, safe, and operational efficiency of the national land transportation system;
- (c) Sign contracts, approve expenditures and appoint and discipline employees below the level of Presidential appointees;
- (d) Submit an annual budget for recurrent income and expenditures for adoption not later than one month before the commencement of the ensuing year for review of the DOTr and Congressional Oversight Committee;
- (e) Undertake research, studies, investigations, projects, engage the services of experts/consultants either in full time or part time basis, and other related activities as may be required relative to the administration of this Act;
- (f) Designate as law enforcement deputies government entities with traffic-related functions, civic action groups, Non-Government Organizations (NGOs) and Public Officers (POs) of good standing, or any person or entity which to the discretion of the Director General can assist in the effective implementation of traffic, transportation and other regulatory rules implemented by the NLTA;

(g) Accident Prevention - The Director General shall take any corrective actions which, on the basis of the findings of the accident investigations conducted pursuant to the administration of the Act, in the judgment of the Director General, will tend to prevent similar accidents in the future; and

(h) To promulgate rules and issuances for the furtherance of this Act.

SEC. 8. *Regional and District Offices* - Shall be headed by a Regional Executive Director under the direct supervision of the Director General with rank, salary and qualifications equivalent to that of a Director IV, possessing at least five (5) years experience in land transportation management, assisted by two Technical Regional Directors - one for Operations and another for Administration and Finance - with rank, salary and qualifications equivalent to that of a Director III and with at least five (5) years experience in land transportation management.

For purposes of public service efficiency and for a more strict and effective implementation of this Act, the Director General may propose for the approval of Congress the creation of additional National Land Transportation District Offices (NLTDO) to be headed by a National Land Transportation District Director (NLTDD) appointed by the Director General. The NLTDD shall have the rank, salary and privileges of a Director II. The qualifications herein required for NLTDD shall apply to officials appointed pursuant to this law without prejudice to incumbent heads of LTO District Offices regardless of their status.

SEC. 9. *Staffing pattern* - The new position structures and staffing pattern shall be formulated by the existing Land Transportation Office for approval by the Department of Transportation.

SEC. 10. *Law enforcement* - In order to make more effective the enforcement of traffic laws, rules and regulations, there shall be created in the National Land Transportation Authority two service units in the Office of the Director General, namely:

1. Law Enforcement Service; and
2. Traffic Adjudication Service, which shall have the following powers and functions:
 - a) To hear and decide cases involving violations of laws, rules and regulations governing land transportation and to impose fines and/or penalties therefor; provided that violations resulting in damage to property and/or physical injuries or violations constituting offenses punishable under the Revised Penal Code or other penal laws shall be under the jurisdiction of the regular courts;
 - b) To order the impounding of motor vehicles and confiscation of plates or the arrest of violators of laws, rules and regulations governing land transportation;

- c) To issue subpoena an subpoena duces tecum and to summon witnesses to appear in any proceeding thereof, and to administer oaths and affirmations;
- d) To promulgate rules and regulations governing the proceedings before it; provided that except with respect to paragraph c., the rules of procedures and evidence prevailing in the courts of law shall not be controlling and all reasonable means to ascertain the facts in each case shall be used without regard to technicalities of law and procedures but all in the interest of due process; and
- e) To perform such other functions and duties as may be provided by law, or as may be necessary, or proper or incidental to its powers and functions.

The Traffic Adjudication Service and the Law Enforcement Service may require the cooperation and assistance of the Philippine National Police, particularly the Highway Patrol Group, or any government agency or office.

Each of the aforesaid service units shall be headed by a Service Chief to be appointed by the Director General and shall have the qualifications, rank, and salary grade of a Division Chief.

The Law Enforcement Service and Traffic Adjudication Service shall be replicated in the Regional Offices to be known as Law Enforcement Unit Traffic Adjudication Unit with the same powers and functions. The Law Enforcement Unit shall be headed by the Technical Regional Director for Operations, and the Traffic Adjudication Unit shall be headed by the Technical Regional Director for Administration and Finance.

Funds needed to carry out the provisions of the foregoing shall be taken from funds available in the Authority and/or from subsequent appropriations.

ARTICLE V

FINANCE

SEC.11. *Fiscal Autonomy.* - The Authority shall enjoy fiscal autonomy to allow the agency to perform its broad functions to ensure public safety and welfare.

It shall retain 70% of all its Non-Tax Revenues and income from collection and/or levy of any and all such fees, charges, dues, assessments and fines it is empowered to collect and/or levy under this Act, but excludes fees and charges classified as Tax Revenues, or those consequent to a contractual obligation and other laws, such as but not limited to Motor Vehicle Users Charge, Science Tax, Trust Receipts, Legal Research Fund, and fees collected for service providers.

30% of such non-tax revenues, and all of the Authority's Tax Revenues shall be deposited and remitted to the National Treasury as part of the general fund of the national government.

The Authority shall however continue to be entitled to its share of the Motor Vehicle Users Charge pursuant to Republic Act No. 8794 to finance its road safety and revenue enhancement projects.

Five percent (5%) of non-tax revenue retained shall be allocated for equipment modernization, and one percent (1%) shall be reserved for employees' benefits (health care, food allowances, etc.) as part of non-wage benefits or incentives.

The utilization of any funds coming from the collection and/or levy of the Authority shall be subject to the examination of the Congressional Oversight Committee.

SEC. 12. Exemption from Taxes, Customs and Tariff Duties. -

- (a) The importation of equipment, machineries, spare parts, accessories and other materials including supplies, license cards and motor vehicle plates used solely and exclusively in the operations of the Authority not obtainable locally shall be exempt from all direct and indirect taxes, wharfage fees and other charges and restrictions, the existence of pertinent laws to the contrary notwithstanding.
- (b) All obligations entered into by the Authority and any income derived therefrom, including those contracted with private international banking and financial institutions, shall be exempt from all taxes, both principal and interest. The Authority is also exempt from the payment of capital gains tax, documentary stamp tax, real property estate tax and all other local government-imposed taxes and fees, subject to existing revenue regulations.

ARTICLE VI

DISPOSITION OF SEIZED VEHICLE COMPONENTS AND ACCESSORIES

SEC. 13. *Disposition of Impounded Vehicles.* - All motor vehicles impounded for violation of transportation and traffic laws, rules and regulation, or abandoned by their owners, including the confiscated accessories, for failure to pay the fines and/or serve the penalties imposed thereon within six (6) months, shall be sold and disposed of by the Authority in public auction under the following conditions:

- (a) The owners of said impounded vehicles shall be given appropriate written notice on the auction sale with the option to redeem said property after paying all charges within fifteen (15) days from receipt of such notice, or to participate in the public auction.

(b) The proceeds of the public auction shall be applied to all liens, fines, fees and penalties accruing in favor of the Authority, provided that the remainder shall be returned to the registered owner.

(c) An abandoned or impounded vehicle without a known owner or lawful claimant after three notices in newspapers of national circulation shall be sold at public auction after such 3 publications of the notice of public sale. The proceeds thereof shall be applied to the lien of the government with the remaining amount credited to the Authority for use in its law enforcement activities.

ARTICLE VII

TRANSITORY PROVISIONS

SEC. 14. *Abolition.* - The Land Transportation Office is hereby abolished. Properties, assets and liabilities, all powers and duties, rights and courses of actions, vested by law or exercised by said abolished office and its predecessors are hereby transferred to the Authority.

SEC. 15. *Holdover Functions.* - To ensure smooth transition into the structure of the Authority, unless otherwise directed, all officers and employees of the defunct LTO shall continue to exercise their usual functions, duties and responsibilities under the reclassified positions.

The Authority, as far as practicable, shall ensure that all present employees of the abolished agency or abolished positions, subject to Civil Service laws, rules and regulations on meritocracy, shall be eligible for reappointment or accommodated without diminution of their salaries as a result of the reorganization.

Officials and employees who opt to retire during the reorganization shall receive, in addition to retirement benefits and pensions granted under existing retirement laws, an additional two (2) months salary for every year of service. An amount corresponding to the retirement benefits of all employees opting to retire shall be held in reserve by the National Treasury to pay for this purpose. Provided, that employees who have opted to retire and who have received retirement benefits will no longer be eligible for employment in the Authority.

SEC.16. *Saving Clause.* - All orders, rules, regulations, permit, licenses, decisions and privileges which have been issued, made, granted or allowed to become effective by the former LTO or its predecessors, shall continue to be in effect according to their terms until modified, terminated, superseded, set aside or repealed.

ARTICLE VIII

FINAL PROVISIONS

SEC. 17. No local government shall enact or enforce any ordinance or resolution in conflict with the provisions of this Act, or prohibit any deputy or agent of the Authority to enforce this Act within their respective territorial jurisdiction, the provisions of any charter to the contrary notwithstanding.

SEC. 18. No court, except the Supreme Court, shall issue any restraining order, preliminary injunction, or preliminary mandatory injunction in any case, dispute, or controversy involving the acquisition, purchase, manufacture of motor vehicle license plates, driver's license, Information Technology projects, or other contracts, activities equally critical to the carrying out the mandates of the Authority in order not to disrupt or hamper the pursuit of essential government projects.

ARTICLE IX

EFFECTIVITY

SEC. 19. *Separability Clause* - If for any reason, any section or provision of this Act is declared to be unconstitutional or invalid, the other sections or provisions hereof which are not affected shall continue to be in full force and effect.

SEC. 20. *Repealing Clause*. - All acts, decrees, orders, and instructions, or parts thereof, inconsistent with the provisions of this Act are repealed and modified accordingly.

SEC. 21. *Effectivity* - This Act shall take effect fifteen (15) days after its publication in the Official Gazette or in a newspaper of general circulation.

APPROVED