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

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.

\[\text{HON. EDUARDO “BRO. EDDIE” C. VILLANUEVA}\]

\[\text{HON. DOMINGO C. RIVERA}\]

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\(^3\) 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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Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

SECTION 1. Short Title. – This Act shall be known as the "Alternative Modes of Transportation Act."

SECTION 2. Declaration of Policy. – It is hereby declared the policy of the State to engage in dynamic technological innovations and allow the provision of affordable transportation options, while guaranteeing the safety and well being of the riding public.

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

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

b) Rideshare network driver refers to an individual who (a) satisfies the 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.
The permit issued under this Section shall be limited to a geographical area as may be prescribed by the LTFRB upon a determination that the services provided by a rideshare support company is necessary therein.

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

a) Has not been convicted of any felony punishable with imprisonment of not less than two (2) years, within the past seven years, as shown by a criminal history report or clearance or other similar document issued by the National Bureau of Investigation;

b) Possesses a valid non-professional or professional driver’s license, and who has not committed more than five (5) violations of traffic and other related laws and regulations within the last two (2) years;

c) Provides proof of valid registration for the motor vehicle(s) to be used in providing pre-arranged rides;

d) Provides proof that the rideshare motor vehicle is covered by a third party liability insurance to cover for passenger injuries in the amount of at least One Hundred Thousand Pesos (Php100,000.00); and

e) Is at least eighteen (18) years of age.

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

a) Conduct, by itself or with the assistance of a third party, a criminal background check for each individual;

b) Request the LTFRB to determine the fitness of the applicant-rideshare network driver pursuant to the rules and regulations set by the LTFRB; or

c) Require the submission of other requirements as it may deem necessary and expedient to ensure the fitness of the applicant-rideshare network driver.

Provided finally, That the rideshare support company shall have the continuing obligation to supervise and assess the performance of all accredited rideshare network drivers, and, if necessary, suspend or revoke the accreditation of a rideshare network driver.
For the avoidance of doubt, no further registration shall be required of rideshare network vehicles, aside from the motor vehicle registration with the Land Transportation Office (LTO).

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

SECTION 7. Insurance Requirement. – The rideshare support company shall be required to procure a personal accident 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.

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

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

SECTION 9. Operational Requirements. –

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

  1) There are no maximum fares or rates;
  2) A minimum or flat fare or rate may be charged;
  3) The fares or rates may be based on time and distance;
  4) Fares or rates may adjust dynamically from trip to trip.

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

b) A rideshare network driver may travel on any route selected by the rideshare network rider, including those with predetermined drop-off and pick-up points, or on a route selected by the rideshare network driver Provided, That the LTFRB
may, when necessary to control traffic and the number of vehicles-for-hire plying
the area, limit the number of rideshare network vehicles operating in an area.

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

SECTION 11. Electronic Invoices. —

a) Following the completion of a pre-arranged ride, the rideshare support company
and the rideshare network driver shall ensure that an electronic invoice is
transmitted to the rideshare network rider, which shall include, but not be limited,
to:

1) The origin and destination of the trip;

2) The total time and distance of the trip;

3) The first name of the rideshare network driver;

4) An itemization of the total fare paid, if any.

b) Notwithstanding subsection (a) above, nothing herein shall prevent the rideshare
network driver to directly provide a receipt to a rideshare network rider, or to
designate the rideshare support company to provide such receipt to the rider.

c) The Bureau of Internal Revenue (BIR) shall establish mechanisms to ensure that
the receipts issued under this Section are compliant with the applicable
provisions of the Tax Code on the proper form and issuance of receipts.

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

SECTION 13. Audit Procedures; Confidentiality of Records. —

a) For the sole purpose of verifying that a rideshare support company is in
compliance with the requirements of this Act, the LTRFB shall have the authority
to annually inspect the records of the rideshare support company; Provided, That
the audit shall take place at a mutually agreed location; Provided further, That
such inspection shall be done with due regard to the provisions of the Data
Privacy Act of 2012; Provided, furthermore, That nothing herein shall prevent the
LTRFB, motu proprio or upon complaint, from inspecting the records of a
rideshare support company, with due regard to the provisions of the Data Privacy
Act, unless the disclosure of personal information is necessary for the resolution of the complaint.

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

SECTION 14. Limitations on Rideshare Support Companies. –

a) A rideshare support company shall not be deemed to:

1) Control, direct or manage the rideshare network drivers or rideshare network vehicles, except as expressly provided in this Act or as agreed by the parties in writing; or

3) Operate a common carrier.

b) Rideshare network drivers shall not be deemed employees of rideshare support companies unless otherwise agreed upon in writing by the parties; Provided, that:

1) There are no limitations on the number of hours that, and when, a rideshare network driver must be logged on to the digital network; and

2) There are no restrictions on the ability of the rideshare network driver to engage with other digital networks.

SECTION 15. Enforcement. –

a) A rideshare support company that has violated any provisions of this Act shall be liable, after notice and hearing, for an administrative fine of up to Five Hundred Thousand Pesos (Php500,000.00), or suspension or revocation of its accreditation as rideshare network company, upon a determination by the LTFRB that the rideshare support company has committed repeated violations of any provisions of this Act and that the same endangers the public.

b) In the determination of fines to be imposed under this Section, the LTFRB shall take into consideration the following:

1) The severity of the violation;

2) Good faith effort to remedy the violation; and

3) History of previous violations.

c) The LTFRB shall resolve to expeditiously process all applications to ensure the continuous and immediate availability of qualified rideshare network drivers.

SECTION 16. Controlling Authority. – The LTFRB shall be the lead implementing agency in carrying out the provisions of this Act.
SECTION 17. Implementing Rules and Regulations. – The LTFRB, in consultation with relevant stakeholders, shall issue the rules and regulations necessary to implement the provisions of this Act within ninety (90) days from its effectivity. For the avoidance of doubt, the implementing rules and regulations issued for this purpose shall not impose additional accreditation or permit requirements other than those provided under this Act.

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

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

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

Approved,