



Senate

Office of the Secretary

SENATE

'19 JUL 24 P4:42

S. No. 759

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Introduced by Senator Ralph G. Recto

**AN ACT
ESTABLISHING CARPOOL SERVICE IN THE COUNTRY, REGULATING ITS
USE AND OPERATION, AND FOR OTHER PURPOSES**

EXPLANATORY NOTE

Slow moving traffic is a bane to the productivity, well-being and development, not only of the individual but of the entire country. A study commissioned by Uber in 2017 entitled *Unlocking Cities*¹ shows that a typical driver plying the streets of Manila has to endure an additional 132% travel time during peak hours, which could adversely affect commuter's health and psychosocial well-being in the long run. Another study made by Japan International Cooperation Agency² in 2014 estimates that the traffic congestion plaguing Metro Manila costs the Philippine economy more than two billion pesos every day. Without intervention, the cost of severe traffic congestion on the people and the economy could balloon to more than five billion pesos a day by 2035.

The proposed measure seeks to thwart this looming crisis by utilizing a large, untapped resource found in every gridlocked roadway in the country – empty passenger seats in single-occupancy vehicles. This bill intends to promote carpooling as an effective vehicle reduction scheme, as well as a straightforward way to economize fuel consumption, decrease overall carbon footprint, and even lessen traffic-induced stress. This bill is optimistic that through the promotion of carpool

¹ The Boston Consulting Group. (2017). *Unlocking Cities: The impact of Ride-sharing in Southeast Asia and beyond*. Uber.

² Japan International Cooperation Agency. (2014). *Roadmap for Transport Infrastructure Development for Metro Manila and its Surrounding Areas (Region III and Region IV-A)*. ALMEC Corporation.

services especially in urban areas, the government can minimize the problem of traffic congestion in a manner that is simple, pragmatic, and at almost no cost to taxpayers.

To promote the use of carpool services, this bill establishes the legal framework for providing and accepting carpool services in the country. This bill classifies carpool vehicles as private carriers, thereby reducing the bureaucratic requirement to provide carpool services legally. The bill likewise allows the owners and/or drivers of carpool vehicles to receive monetary contributions to cover expenses incidental to carpool vehicle operation, such as fuel, oil, and lubricant expenses, toll fees, parking charges, and vehicle maintenance costs. Government agencies are also authorized under the bill to provide incentives to carpool owners and/or drivers, such as exemption from vehicle volume reduction programs and designation of dedicated carpool lanes, among others.

Moreover, this bill addresses key issues associated with commuting in carpool vehicles. To warrant the roadworthiness of carpool vehicles, this bill compels the owners to follow the recommended preventive maintenance schedule of the carpool vehicles. To guarantee the safety and security of carpool passengers, this bill requires clearances and other documents to ensure that carpool drivers can be identified and found, and comprehensive motor vehicle insurance to protect passengers against accidents and other fortuitous events. To ensure the safety of carpool drivers and the carpool vehicles, this bill limits the provision and acceptance of carpool services within carpool associations empowered to scrutinize and monitor its own members. Finally, to keep unscrupulous vehicle owners and drivers from exploiting the carpool services to operate illegal *colorum* vehicles, this bill imposes a registration requirement for carpool vehicles, a carpool trip limit of two trips per day, a carpool passenger limit of six per carpool vehicle, and a Gas Fund contribution limit to be defined by the Department of Transportation (DOTr).

Ultimately, this bill intends to achieve two purposes. First, this bill seeks to provide a safe, dependable, environmentally-sound and sustainable mode of transportation to the commuting public while decongesting traffic in Metro Manila and in other urban areas in the country. Second, the bill seeks to improve the well-being of the commuting public by reducing the level of carbon emissions from motor vehicles, cutting the duration and the number of transfers in commuting to and from work, and by diminishing the traffic-induced exposure to health risks.

In light of the foregoing, immediate passage of the bill is earnestly sought.



RALPH G. RECTO

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**AN ACT
ESTABLISHING CARPOOL SERVICE IN THE COUNTRY, REGULATING ITS
USE AND OPERATION, 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 “*Philippine Carpool*
2 *Service Act.*”

3 Sec. 2. *Declaration of Policy.* – It is hereby declared the policy of the State to
4 promote a just and dynamic social order through policies that provide adequate social
5 services, promote full employment, a rising standard of living, and an improved quality
6 of life for all. Towards this end, the State shall develop mechanism to regulate the use
7 of carpool services not only as a safe, dependable, environmentally-sound and
8 sustainable mode of transportation, but also as a means to improve the well-being of
9 Filipino commuters and to decongest traffic in Metro Manila and in other urban areas
10 in the country.

11 Sec. 3. *Definition of Terms.* – For the purposes of this Act:

12 a) *Carpool Service* shall refer to voluntary arrangement between two (2) to
13 seven (7) persons, including the driver of a particular vehicle, to make one-way or
14 round-trip journey in a single vehicle;

15 b) *Carpool Association* shall refer to a duly-registered non-stock, non-profit
16 organization created for the provision of carpool services to its members;

17 c) *Carpool Driver* shall refer to a duly-licensed operator of a motor vehicle that
18 provides carpool service in accordance with the provisions of this Act;

1 d) *Carpool Passenger* shall refer to any *bona fide* member of a carpool
2 association who accepts carpool service from a fellow carpool association member in
3 accordance with the provisions of this Act;

4 e) *Carpool Trip* shall refer to the vehicle trip that commences at the carriage
5 of the first carpool passenger and terminates upon the arrival of the carpool vehicle
6 to its intended destination;

7 f) *Carpool Vehicle* shall refer to a passenger car, utility vehicle or sports utility
8 vehicle registered for private use that provides carpool service in accordance with the
9 provisions of this Act;

10 g) *Gas Fund* shall refer to an amount that may be collected by a carpool driver
11 and/or owner from the carpool passengers to cover the expenses incidental to carpool
12 vehicle operation such as carpool registration cost, fuel, oil and lubricant expenses,
13 parking charges, toll fees, and vehicle upkeep expenses;

14 h) *Online Carpool Platform* shall refer to electronic applications that allows
15 carpool drivers and passengers to search for and communicate with other carpool
16 drivers and passengers; and

17 i) *Owner* shall refer to the actual and legal owner of a motor vehicle, in whose
18 name such vehicle is duly-registered with the Land Transportation Office (LTO).

19 Sec. 4. *Establishment of Carpool Service.* – Owners of motor vehicles registered
20 for private use are hereby allowed to provide carpool services subject to the following
21 conditions:

22 a) The carpool services shall be provided and accepted only among members
23 of a carpool association on a purely voluntary basis;

24 b) The carpool owner and/or driver and the carpool passenger shall have a
25 common origin and destination;

26 c) The carpool services shall be offered for a maximum of two (2) carpool trips
27 a day regardless of the number of carpool passengers;

28 d) The carpool driver or any carpool passenger shall not solicit for passengers
29 on any road, parking area, tollway entrance, public transport terminal, and other
30 similar facilities and establishments;

31 e) The carriage of carpool passenger shall only be incidental to the carpool
32 driver's or owner's original purpose for the trip;

1 f) The carpool driver shall inform the carpool passengers in advance about
2 the details of the trip, which shall include the date, time, pick up and drop off points,
3 travel route and Gas Fund contributions, if any;

4 g) The carpool driver shall not offer driving or vehicle rental services or display
5 any material or information to that effect; and

6 h) The owner of the vehicle shall register with the LTO as a carpool vehicle in
7 accordance with its rules and regulations.

8 Sec. 5. *Classification of Carpool Vehicles.* – Any provision of the law to the
9 contrary notwithstanding, carpool vehicles shall be classified as private carriers and
10 shall be subject to the provisions of Title II, Book IV of Republic Act No. 386, otherwise
11 known as the "*Civil Code of the Philippines.*"

12 Sec. 6. *Motor Vehicle Registration.* – Carpool vehicles shall be registered as
13 motor vehicles for private use. Registration for carpool service and subsequent
14 renewal of carpool service registration may be executed along the renewal of motor
15 vehicle registration in accordance with the rules and regulation of the LTO.

16 The documentary requirements for carpool service registration shall include the
17 following:

18 a) Proof of Filipino citizenship;

19 b) Valid LTO Official Receipt and Certificate of Registration of authorized unit/s
20 in the name of the Owner;

21 c) Valid driver's license of authorized owner/s and/or carpool driver/s;

22 d) Valid Certificate of Employment, Certificate of Business Registration, or
23 Proof of School Registration under the name of the owner/s and/or authorized carpool
24 driver/s;

25 e) Valid National Bureau of Investigation (NBI) or Philippine National Police
26 (PNP) Clearance;

27 f) Valid proof of billing addressed to the owner and/or driver;

28 g) Certificate of motor vehicle insurance coverage;

29 h) Proposed travel route from point of origin to the intended destination; and

30 i) Other documentary requirements as may be deemed necessary by the
31 Department of Transportation (DOTr) or the LTO.

1 Sec. 7. *Carpool Association.* – Carpool drivers, owners, and carpool passengers
2 shall organize themselves into carpool associations to manage carpool services and
3 limit its provision to *bona fide* members of its organization. Carpool associations shall
4 be registered with the Securities and Exchange Commission in accordance with its
5 rules and regulations.

6 Sec. 8. *Membership in Carpool Associations.* – Membership in carpool
7 association shall consist of Regular Members and Associate Members. Filipino citizens
8 of legal age, holder of at least Non-Professional Driver's License with Code 2 and 4
9 Restrictions, and who own, possess or operate at least one (1) carpool vehicle shall
10 be eligible for Regular Membership. Filipino citizens and resident aliens of legal age,
11 and who neither hold a driver's license nor own, possess or operate a carpool vehicle
12 shall be eligible for Associate Membership. Regular Members shall be accorded with
13 more representatives in the Board of Trustees and more voting power in accordance
14 with the articles of incorporation and by-laws of the carpool association.

15 Sec. 9. *Requirements for Membership in Carpool Associations.* – The carpool
16 association shall exercise due diligence in determining the identity of and accepting
17 prospective members. Prospective members shall be accepted into a carpool
18 association by a majority vote of its Board of Trustees in accordance with its articles
19 of incorporation and by-laws: *Provided,* That the Board of Trustees, prior to the
20 acceptance of prospective carpool association members, shall require the submission
21 of documents that include, but are not limited to:

- 22 a) Proof of identity of the prospective member;
- 23 b) Valid Certificate of Employment, Certificate of Business Registration, or
24 Proof of School Registration under the name of the prospective member;
- 25 c) Valid driver's license for prospective carpool driver;
- 26 d) Valid LTO Official Receipt and Certificate of Registration of the prospective
27 carpool vehicle;
- 28 e) Valid NBI or PNP Clearance;
- 29 f) Valid proof of billing addressed to the owner and/or driver; and
- 30 g) Other document deemed necessary by the Board of Trustees to ascertain
31 the identity of prospective carpool association members.

1 The data and information provided by prospective carpool association members
2 shall be governed by the pertinent provisions of Republic Act No. 10173, otherwise
3 known as the "*Data Privacy Act of 2012*."

4 Sec. 10. *Identification of Carpool Association Members.* – The Carpool
5 association shall issue non-transferable identification cards to its *bona fide* members.
6 The identification cards shall be required to be shown prior to the provision or
7 acceptance of the carpool services and shall remain in the possession of the respective
8 members throughout the duration of the carpool trip.

9 Sec. 11. *Conveyance of Carpool Passengers.* – Carpool drivers are hereby
10 allowed to pick up carpool passengers in proximity to their point of origin and to drop
11 off carpool passengers in proximity to the carpool driver's intended destination:
12 *Provided*, That the carpool driver shall only be allowed to ferry carpool passengers
13 belonging to the same carpool association: *Provided, further*, That the carpool driver
14 shall only be allowed to ferry as many passengers as recommended by the vehicle
15 manufacturer: *Provided, finally*, That under no circumstances shall the number of
16 carpool passengers in a carpool vehicle exceed six (6) persons excluding the carpool
17 driver.

18 Sec. 12. *Gas Fund Contribution.* – The owner of the vehicle shall not accept or
19 charge any fare from carpool passengers, except for the contribution to the carpool
20 vehicle's Gas Fund on a non-profit basis: *Provided*, That the maximum amount of Gas
21 Fund contribution of carpool passengers shall not be higher than the estimated cost
22 of taxi service from the point of origin to the point of destination: *Provided, further*,
23 That the DOTr shall, in consultation with the Department of Energy (DOE), determine
24 the maximum rate of Gas Fund contribution that may be collected from carpool
25 passengers, taking into account the maximum number of allowable passengers as
26 provided in Section 11 of this Act, the distance and duration of travel from the point
27 of origin to the point of destination, and a realistic estimate of expenses incidental to
28 carpool vehicle operation: *Provided, finally*, That the DOTr shall adjust the rate of Gas
29 Fund contribution once every three (3) years after the effectivity of this Act using the
30 Consumer Price Index (CPI) for the Operation of Personal Transport Equipment, as
31 published by the Philippine Statistics Authority (PSA).

1 Sec. 13. *Maintenance of Carpool Vehicles.* – The owners of carpool vehicles
2 shall follow the recommended preventive maintenance schedule of the vehicle
3 manufacturer: *Provided,* That the owners shall maintain a record documenting the
4 maintenance services performed on their vehicles and the dates when such
5 maintenance services were performed as attested to by the vehicle maintenance
6 service provider: *Provided, further,* That a copy of the carpool vehicle maintenance
7 service record shall be required by the LTO in the renewal of the carpool vehicle
8 registration.

9 Sec. 14. *Insurance of Carpool Vehicles.* – The owners of the carpool vehicles
10 shall be required to contract a comprehensive motor vehicle insurance from a
11 reputable insurance provider to cover the carpool vehicle and its passenger against
12 insurable risks: *Provided,* That a copy of the comprehensive motor vehicle insurance
13 for the carpool vehicle shall be required by the LTO in the registration and renewal of
14 the carpool vehicle registration.

15 Sec. 15. *Violations.* – The following shall be constituted as violations of this
16 Act:

- 17 a) Engaging in carpool services without or with expired carpool registration;
- 18 b) Provision of carpool services without carpool association membership;
- 19 c) Provision of carpool services to non-members of carpool association;
- 20 d) Exceeding the maximum daily carpool trips allowed;
- 21 e) Soliciting for passengers on any road, parking area, tollway entrance, public
22 transport terminal, and other similar facilities and establishments;
- 23 f) Exceeding the vehicle's recommended number of passenger or the
24 maximum number of passengers as provided in Section 11 of this Act, whichever is
25 lower;
- 26 g) Offering driving or vehicle rental services or displaying materials and
27 information to that effect;
- 28 h) Engaging in carpool services with invalid or expired motor vehicle
29 insurance;
- 30 i) Collecting more than the maximum Gas Fund contribution from carpool
31 passengers; and

1 j) Other acts or omissions inconsistent with the provisions of this Act as may
2 be determined by the DOTr.

3 The DOTr and the LTO shall, after conducting public consultation, determine
4 the appropriate fines and penalties for the violation of any provisions in this Act.

5 Sec. 16. *Carpool Passenger Complaints.* – Carpool associations shall establish a
6 mechanism to receive and address complaints arising from the carpool services within
7 their respective associations. The DOTr shall likewise establish a system to receive
8 and address the complaints of carpool passengers against owners, carpool drivers,
9 and carpool associations in accordance with its rules and regulations.

10 Sec. 17. *Carpool Incentives.* – The DOTr, LTO, Metro Manila Council, local
11 government units, and other government agencies concerned may provide incentives
12 to promote the use of carpool services such as, but not limited to: designation of
13 dedicated carpool lanes, exemption from Expanded Unified Vehicular Volume
14 Reduction Program and other similar traffic schemes, and discounts on toll fees and
15 vehicle registration fees.

16 Sec. 18. *Online Carpool Application.* – Carpool associations or other third-party
17 developers may use electronic or online carpool application to provide seamless
18 connection between carpool association members: *Provided,* That owners and carpool
19 drivers can only provided carpool services in accordance with Section 4 of this Act:
20 *Provided, further,* That the total cost of using carpool platform and carpool services
21 shall not exceed the maximum Gas Fund contribution as provided in Section 12 of this
22 Act.

23 Sec. 19. *Exemptions.* – The carpool owner and/or driver shall secure at least a
24 Non-Professional Driving License from the LTO to operate carpool vehicles: *Provided,*
25 That carpool drivers who are employed as personal or corporate drivers, or who
26 operates motorcycles, buses, trucks or articulated vehicles shall be required to obtain
27 the appropriate driving license from the LTO.

28 The carpool vehicle shall be exempted from securing a Certificate of Public
29 Convenience or any public land transportation service franchise or authorization issued
30 by any government agency or instrumentality: *Provided,* That the carpool owner
31 and/or driver satisfy all the conditions stipulated under Section 4 of this Act: *Provided,*
32 *further,* That no provision in this Act shall be construed as allowing the commercial

1 operation of any motor vehicle registered for private use, or repealing, amending or
2 modifying any law, rule or regulation that compels the satisfaction of any and all
3 requirements prior to the operation of public land transportation services.

4 Sec. 20. *Implementing Rules and Regulations.* – Within sixty (60) days from
5 the effectivity of this Act, the DOTr shall, in consultation with the LTO and other
6 government agencies concerned, promulgate the necessary rules and regulations to
7 effectively implement the provisions of this Act.

8 Sec. 21. *Separability Clause.* - If, for any reason, any provision of this Act or
9 any part thereof shall be held unconstitutional and invalid, the other parts or provisions
10 of this Act, which are not affected thereby, shall remain in full force and effect.

11 Sec. 22. *Repealing Clause.* – All laws, decrees, orders, rules and regulations or
12 parts thereof inconsistent with any of the provisions of this Act are hereby repealed,
13 amended or modified accordingly.

14 Sec. 23. *Effectivity.* – This Act shall take effect fifteen (15) days after its
15 complete publication in at least two (2) newspapers of general circulation or in the
16 *Official Gazette*.

Approved,