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Senate  
Office of the Secretary

SIXTEENTH CONGRESS OF THE )  
REPUBLIC OF THE PHILIPPINES )  
First Regular Session )

'13 JUL 16 P4:42

SENATE

S. NO. 799

RECEIVED BY: *ja*

Introduced by Senator Antonio "Sonny" F. Trillanes IV

**EXPLANATORY NOTE**

There is a need to create a central agency that will consolidate the functions currently being undertaken by the Land Transportation Office, the Land Transportation Franchising and Regulatory Board, the DOTC's Office of Transport Cooperatives, the PNP's Traffic Management Group and the MMDA's Traffic Enforcement Group. This is to avoid the confusion as to which agency is tasked to maintain land transportation law and order on the streets of the Philippines, as well as to provide direction and administration to the nation's land transportation industry.

As envisioned by the bill, a National Land Transportation Authority shall absorb the functions of a merged LTO and LTFRB as the primary policy, planning, programming, coordinating, implementing, regulating and administrative entity of the government in the promotion, development and regulation of a dependable network of land transportation systems.

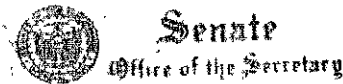
In so doing, a more efficient agency capable of addressing the various needs of the land transportation industry is created, which through regulations, will ensure public safety and welfare.

To allow the agency to do its broad function, the bill authorizes the NLTA to use 50% of the income that it collects from its operation. This will enable the agency to modernize in order to be better equipped to do the tasks at hand.

As we move towards progress, we need a land transportation agency that is up to the challenge. We can only attain this if this bill is passed into law.

**ANTONIO "SONNY" F. TRILLANES IV**  
Senator

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**THE NATIONAL LAND TRANSPORTATION AUTHORITY ACT OF 2013**

*Be 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**

**SECTION 1. *Title.*** - This act shall be known as the "*National Land Transportation Authority (NLTA) Act of 2013*".

**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 the establishment of a motor vehicle statistical office as the principal source of information, the conversion from the adversarial quasi judicial procedures in the grant of franchises to operate public utility motor vehicles into administrative proceedings using socioeconomic indicators in the grant of permits, and the establishment of an office charged with long term forward planning in order to improve the administration of the land transportation industry. The Authority shall absorb the functions of the merged LTO and LTFRB as the primary policy, planning, programming, coordinating, implementing, regulating and administrative entity of the government in the promotion, development and regulation of a dependable network of land transportation systems.

1           **SECTION 3. *Scope of the Act.*** The provisions of the Act shall control, as far as they  
2 apply, to the registration and operation of motor vehicles; licensing of drivers and conductors;  
3 enforcement of traffic rules, laws and regulations; adjudication of traffic and non-traffic  
4 violations; franchising and operation of public utility motor vehicles; regulation of activities of  
5 motor vehicle manufacturers, assemblers, importers, and dealers, and other related matters  
6 pertaining to road safety and environment protection.

7

8

## ARTICLE II

9

### DEFINITIONS

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

12           “*Motor Vehicles*” shall mean any vehicle propelled by any power other than muscular  
13 power using the public highway but excepting road rollers, trolley cars, street-sweepers,  
14 sprinklers, lawn mowers, bulldozers, graders, forklifts, amphibians, trucks, and cranes if not used  
15 on public highways, vehicles which run only on rails and tracks, and tractors, trailers and engines  
16 of all kinds used exclusively for agricultural purposes.

17

18           “*Highway*” shall mean the entire width between the boundary lines of every way  
19 publicly maintained when any part thereof is open to the use of the public for the purpose of  
20 vehicular travel.

21

22           “*Owner*” shall mean any person or entity in whose name the motor vehicle is registered  
23 with the Authority. The owner of a motor vehicle owned by the government or government-  
24 controlled corporation shall be the office, agency or bureau to which the motor vehicle belongs.

25

26           “*Component*” shall mean any part of a motor vehicle such as engine, chassis and body or  
27 parts thereof.

1           *"Dealer"* shall mean any duly accredited person, association, partnership, firm or  
2 corporation engaged in the assembly, manufacture, importation, buying and selling, or rebuilding  
3 of motor vehicles or its components evidenced by a commercial invoice.

4  
5           *"Director-General"* shall mean the actual or acting chief of the national Land  
6 Transportation Authority duly appointed or designated by the President of the Republic of the  
7 Philippines.

8           *"Deputies"* shall mean the organic and duly authorized representatives of the Director  
9 General to carry out the provisions of this Act.

10  
11           *"Agents"* shall mean the duly designated representatives of the Director General  
12 authorized to assist in enforcing the provisions of this Act.

13  
14           *"Parking or parked"* means that the motor vehicle has been brought to a stop on the  
15 shoulder or proper edge of a highway, and remains inactive in that place or closed thereto for an  
16 appreciable period of time. A motor vehicle which properly stops, merely to discharge a  
17 passenger or to take in a waiting passenger, or to load and unload a small quantity of freight with  
18 reasonable dispatch shall not be considered as "parked" if the motor vehicle again moves away  
19 without delay.

20  
21           *"Driver"* shall mean any person who is in actual physical control of a motor vehicle in  
22 operation.

23  
24           *"Professional Driver"* shall mean any person hired or paid to operate a motor vehicle  
25 whether in private use or for hire to the public. Any person driving his own motor vehicle for  
26 business or for hire is a professional driver. Nothing in this definition shall prevent a professional  
27 driver from operating a private vehicle without compensation.

1           “*Non Professional Driver*” shall mean any person operating any vehicle except a public  
2 utility vehicle, without compensation.

3

4           “*Conductor*” shall mean a person assisting the driver of a public utility vehicle to ensure  
5 the safety of cargoes and/or passengers while said vehicle is in operation.

6

7           “*Certificate of Public Convenience*” shall mean the authorization issued by the Authority  
8 for the operation of land transportation services for public use as required by law.

9

10          “*Authorized Route*” shall mean the approved origin and destination points linked by a  
11 chain of highways and streets open for public use over which the service is authorized.

12

13          “*Public Utility Operator*” shall mean the registered owner of the motor vehicles  
14 authorized for public utility operation by the Authority.

15

16          “*Abandonment of Service*” shall mean the suspension or cessation of service by a public  
17 utility operator in its authorized route or portions thereof. A partial abandonment of service is  
18 presumed when a public utility operator fails to field the authorized number of units on a route  
19 after due notice from the Authority.

20

21

**ARTICLE III**

22

**CREATION, POWERS AND FUNCTION**

23

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

26

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

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

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

10 (c) Promulgate, administer and enforce standards of measurements, designs, and rules and  
11 regulations requiring owners of motor vehicles and operator of public land transportation  
12 services to equip, install and provide in their utilities and in their stations such devices,  
13 equipment, facilities and operating procedures and techniques as may promote safety, protection,  
14 comfort and convenience to persons and property in their charge, as well as the safety of persons  
15 and property within their areas of operation;

16 (d) Issue, amend, revise, suspend or cancel certificates of public convenience or permits  
17 authorizing the operation of public utility land transportation services, and to prescribe the  
18 appropriate terms and conditions therefor and regulate the operation of public land  
19 transportation;

20 (e) Identify, establish, prescribe and regulate routes or service, economically viable capacities,  
21 zones or areas of operation of public land transportation services, adjust fares, freight rates and  
22 related charges;

23 (f) Accredite and regulate the activities of motor vehicle and component manufacturers,  
24 assemblers, importers and dealers; the operation of driving schools; inspection stations for safety  
25 and smoke emission; clinics and laboratories to conduct medical examination and psychological  
26 tests including alcohol and drug testing; and insurance companies and other activities related to  
27 the function of the Authority.

- 1 (g) Establish rules and regulations for the inspection and registration of motor vehicle; issuance,  
2 suspension and revocation of driver's licenses and permits, type approval for safety standards of  
3 motor vehicles and accessories; issuance of motor vehicle identification plates and validating  
4 stickers;
- 5 (h) Promulgate rules and regulations for the effective enforcement of all land transportation and  
6 traffic laws, rules and regulations and impose and collect fines and penalties for violations  
7 thereof;
- 8 (i) Make arrest for violations of the land transportation laws;
- 9 (j) Issue subpoena and subpoena duces tecum to compel the appearance of motor vehicle owners,  
10 drivers and other persons;
- 11 (k) Fix, impose and collect, and periodically review and adjust reasonable fees and other related  
12 charges for services rendered, as well as administrative fines for violation of pertinent laws,  
13 orders, rules and regulations, decisions and rulings;
- 14 (l) Compile, maintain and manage an integrated data center with appropriate communications  
15 linkages for records and statistics in land transportation including a uniform traffic violation  
16 accident and stolen motor vehicles reporting system;
- 17 (m) Generate non-tax revenues out of its assets, properties and services; and
- 18 (n) Perform such other powers and functions as maybe provided by law.

19

20 **SEC. 7. Governing Body.** The governing board and policy making body of the Authority  
21 shall be vested in the Board of Directors composed of the following:

- 22 1. Secretary of Department of Transportation and Communications (DOTC);
- 23 2. Director General of the National Land Transportation Authority (NLTA), appointed by  
24 the President as Chief Executive Officer;
- 25 3. Secretary of Department of Interior and Local Government (DILG);
- 26 4. Secretary of Department of Budget and Management (DBM);
- 27 5. Secretary of the Department of Finance (DOF);





1 For purposes of a more rigid and effective implementation of this Act, the Director-  
2 General shall create the Land Transportation District Offices (LTDO) to be headed by a Land  
3 Transportation District Director appointed by the Director-General. The LTDO shall have the  
4 rank, salary and privileges of a Director II. The qualifications herein required for LTDO shall  
5 apply to officials appointed pursuant to this law without prejudice to incumbent heads of LTO  
6 district offices regardless of their status.

7  
8 **SEC. 9. Powers of the Director-General.** As Chief Executive Officer of the Authority,  
9 the functions and powers of the heads of the LTO, LTFRB, and OTC as provided under R.A.  
10 4136 and CA 146 as amended as well as other laws otherwise not expressly defined in this Act  
11 are now deemed transferred, vested and exercised by the Director-General of the Authority,  
12 including the following:

- 13 (1) Implement, enforce and apply the policies, programs, guidelines, procedures, rules and  
14 regulations promulgated, prescribed, issued and adopted by the Authority;
- 15 (2) Manage the affairs of the Authority and ensure the smooth operational efficiency of the  
16 national land transportation system;
- 17 (3) Sign contracts, approve expenditures and appoint and discipline employees below the  
18 level of Presidential appointees;
- 19 (4) Submit an annual budget to the Board for recurrent income and expenditures for adoption  
20 not later than one month before the commencement of the ensuing year;
- 21 (5) Undertake research, studies, investigations, projects and other related activities, and  
22 submit reports and recommendations to the Board for its information and or approval;  
23 engage the services of experts/consultants either in full time or part time basis as may be  
24 required in the performance of his functions and duties as maybe determined by him  
25 subject to the approval of the Board;

1 (6) Designate as deputies government entities with traffic-related functions, civic action  
2 groups, Non-Government Organization (NGO) and Public Officers (PO) of good  
3 standing;

4 (7) Do any act or thing for the proper operation and administration of the Authority; and

5 (8) Perform such other functions and duties as the Board may assign from time to time.  
6

7 **SECTION 10. *Staffing Pattern.*** The Director-General, subject to the approval of the  
8 Board shall determine the staffing pattern, the number of personnel and field offices of the  
9 Authority, the functions of the central office staff, the regional and district offices; define their  
10 duties and responsibilities and fix their qualifications, salaries and other emoluments.

11 The Board shall act on the recommendation within (30) days from its submission  
12 otherwise the recommendation shall be deemed approved and the same shall be implemented  
13 within 90 days from approval thereof.  
14

15 **SEC. 11. *Appointment and Discipline of Personnel.*** All officials of the Authority,  
16 except those appointed by the President, shall be selected and appointed on the basis of merit and  
17 fitness as established in a merit system program of the Authority consistent with Civil Service  
18 laws and regulations.

19 The appointment of regional and district officials except those to be appointed by the  
20 President may be delegated by the Director General to the Regional Executive Director. Except  
21 for the Director General, all officials to be appointed by the President shall be recommended by  
22 the Board.

23 The power to discipline employees resides with the Director General. Appeals on the  
24 decision of the Director General may be submitted to the Board for reconsideration. Decisions of  
25 the Regional Directors may be appealed with the Director General.  
26  
27



1 government the corresponding taxes and duties as assessed by the Bureau of Internal Revenue  
2 and Bureau of Customs.

## 4 ARTICLE VI

### 5 REGULATION OF PUBLIC UTILITY VEHICLES

6 **SEC. 14. *Administrative Permits.*** Notwithstanding the provision of any law to the  
7 contrary, the issuance of permits to operate public utility vehicles shall be administratively  
8 processed based on rules and regulations/guidelines that the Authority shall promulgate within  
9 60 days subject to the approval of the Board.

10 Without prejudice to the provisions of R.A. 7160, otherwise known as the Local  
11 Government Code of 1991, the permit to operate public utility vehicles shall be issued by the  
12 Authority.

13  
14 **SEC. 15. *Operation of Public Utility Vehicles.*** No motor vehicle shall be operated as a  
15 public conveyance or for hire without possessing a valid and subsisting franchise and/orr permits  
16 issued by the Authority.

17 All existing franchises and permits issued prior to the affectivity of this Act shall remain  
18 valid up to the date of its expiry as indicated in the certificate or permit. Any subsequent  
19 transaction related thereto shall now be processed and issued pursuant to the rules and  
20 regulations of the Authority.

21  
22 **SEC. 16. *Rate Fixing.*** For purposes of fixing of rates of public utility vehicles, the  
23 Director General shall undertake the necessary studies, after due consultation with the involved  
24 sectors, and recommend the same to the Board for approval.

25  
26 **SEC. 17. *Appeals.*** Any decision related to the issuance of permits and orders in whatever  
27 form by the Director General may be appealed to the Board within fifteen (15) days from the

1 date of receipt. Decisions and orders issued by officials properly delegated to issue permits may  
2 be appealed to the Director General within fifteen (15) days from date of receipt.

3 In all cases where the aggrieved parties are not satisfied with the resolution of the  
4 authority, such decisions may be appealed to the President of the Philippines for final  
5 administrative disposition.

6 Any decisions related to the issuance of permits or any other orders in whatever form by  
7 the appropriate officials of the LTA may be appealed in the following manner:

8 1. Decisions of orders of the Director-General appealable to the Board within a period of  
9 15 days computed from the date of receipt of said decision appealed from the decision of the  
10 Board shall be final and executory.

11 2. Decisions of Regional Executive Director to issue permits for PUV pursuant to the  
12 immediately preceding paragraph may be appealed to the Director-General within a period of 15  
13 days from receipt of the decision being appealed from.

14

15 **SEC. 18. Penalties.** In order to ensure strict adherence and compliance to the conditions  
16 of the permit issued, the Director-General, subject to the approval of the Board, shall promulgate  
17 the necessary procedures for the imposition of sanctions and appropriate schedule of penalties  
18 for any violation of the conditions of the permit and impose the same.

19

20 **SEC. 19. Authority to Impose Penalties.** The Director-General is hereby empowered to  
21 impose penalties and sanctions in the form of cancellation, revocation, suspension, fines and  
22 other forms of penalties allowable by law or any combination thereof for violations of the terms  
23 and conditions of the permit. Subject to approval of the Board, the Director-General shall  
24 promulgate a set of guidelines containing the administrative procedures in the imposition of  
25 sanctions including the schedule of penalties.

26

27

1 **ARTICLE VII**

2 **DISPOSITION OF SEIZED VEHICLE COMPONENTS AND ACCESSORIES**

3 **SEC. 20. *Disposition of Impounded Vehicles.*** All motor vehicles impounded, including  
4 the confiscated accessories and which are abandoned by their owners for failure to pay the fines  
5 and/or serve the penalties imposed thereon within six (6) months, shall be sold and disposed of  
6 by the Authority in public auction under the following conditions:

7 (a) The owners of said impounded vehicles shall be given appropriate written notice on  
8 the auction sale with the option to redeem said property after paying all charges within fifteen  
9 (15) days from receipt of such notice, or to participate in the public auction. The proceeds of the  
10 public auction shall be applied to all liens, fines, fees and penalties accruing in favor of the  
11 Authority provided that the remainder shall be returned to the registered owner.

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

16  
17 **ARTICLE VII**

18 **TRANSITORY PROVISIONS**

19 **SEC. 21. *Abolition.*** The Land Transportation Office, the Land Transportation  
20 Franchising and Regulatory Board and the Office of Transport Cooperatives in the Department  
21 of Transportation and Communications and the TMG of the PNP and Traffic Enforcement Group  
22 of MMDA are hereby abolished. Properties, assets and liabilities, all powers and duties, rights  
23 and chooses of actions, vested by law or exercised by said abolished offices and its predecessors  
24 are hereby transferred to the Authority.

25  
26 **SEC. 22. *Holdover Functions.*** To ensure smooth transition into the structure of the  
27 Authority, all officers and employees of the defunct LTO, LTFRB, OTC, TMG of the PNP and

1 the TEG of MMDA shall continue to exercise their usual functions, duties and responsibilities  
2 unless otherwise directed.

3 The Authority shall ensure that all present employees of the abolished agencies shall be  
4 accommodated without diminution of their salaries as a result of the reorganization. Officials and  
5 employees who opt to retire during the reorganization shall receive, in addition to retirement  
6 benefits and pensions granted under the existing retirement law, an additional two (2) months  
7 salary for every year of service. An amount corresponding to the retirement benefits of all  
8 employees opting to retire shall be held in reserve by the National Treasury to pay for this  
9 purpose. *Provided*, That employees who have opted to retire and who have received retirement  
10 benefits will no longer be eligible for employment in the Authority.

11

12 **SEC. 23. *Saving Clause.*** All orders, rules, regulations, permit, licenses, decisions and  
13 privileges which have been issued, made, granted or allowed to become effective by the former  
14 LTO, LTFRB, OTC, TMG of PNP and TEG of MMDA or its predecessors, shall continue to be  
15 in effect according to their terms until modified, terminated, superseded, set aside or repealed.

16

17

**ARTICLE IX**

18

**PENAL AND OTHER PROVISIONS**

19 **SEC. 24. *Penalty for Violations.*** The Authority, subject to the approval of the Board,  
20 shall issue guidelines and schedule of fines and penalties for violations committed under this  
21 Act.

22

23 **SEC. 25. *Punishment for Other Offenses.*** The conviction of any person for any offense  
24 under this Act shall not bar his prosecution for any other offenses which may have been  
25 committed by such person concurrently with the commission of the offense of which he was  
26 convicted or in doing the act or series of acts which constituted the offense of which he was  
27 convicted.

1           **SEC. 26. *Duty of Clerks of Court.*** It is hereby made the duty of clerks of the regional  
2 trial courts, municipal trial courts trying traffic violation cases to certify to the Authority the  
3 result of any case, whether criminal or civil, involving violations of any provisions of this Act, or  
4 other laws and ordinances relating to motor vehicles. Said certificates shall be specifically  
5 contained the name of the driver or owner of the vehicle involved, his address, the number of his  
6 license and/or the certificate of registration of his vehicle, the date thereof and the offense for  
7 which he was convicted or acquitted.

8

9

## ARTICLE X

10

### COLLECTIBN OF FEES, TAXES AND FINES, LIENS, ALLOTMENT OF FUNDS

11

**SEC. 27. *Collection of Fees; National and Local Taxes; Toll Fees.*** The collection of all  
12 fees, taxes and fines, under the provisions of this Act shall be made in accordance with the  
13 regulations to be prescribed by the Authority subject to the approval of the Board.

14

a) No taxes or fees other than those prescribed in this Act shall be imposed for the  
15 registration or operation or on the ownership of any motor vehicle, or for the exercise of the  
16 profession of driver, by any local government, the provisions of any charter to the contrary  
17 notwithstanding; provided however that any provincial board, city or municipal council or board  
18 or other competent authority may enact or collect such reasonable and equitable toll fees for the  
19 use of such bridges and ferries within their respective jurisdiction as may be authorized and  
20 approved by the proper authorities, and also for the use of such public roads as may be  
21 authorized by the President of the Philippines upon the recommendation of the proper authority.

22

b) Lien Upon Motor Vehicles. Any balance of fees for registration, renewal registration  
23 or delinquent registration of a motor vehicle remaining unpaid and all fines imposed upon any  
24 vehicle owner shall constitute a first lien upon the motor vehicle concerned. The Director-  
25 General is hereby vested with the authority to issue a warrant of constructive or actual distraint  
26 or levy to any owner of motor vehicle who has any balance of fees for registration, renewal or  
27 delinquent registration of a motor vehicle remaining unpaid which upon demand by the Director-



1 General or his deputies executing such warrant, the owner of the vehicle shall surrender the same  
2 at the time demanded, except when the attachment or execution is under any judicial process.  
3 Any owner who fails or refuses to surrender any of such property or vehicle not surrendered shall  
4 be punished by a fine not exceeding the amount of the fees, including penalties and interest, if  
5 any, for the collection of which such warrant has been issued, together with the cost and interest  
6 if any until surrendered.

7  
8 **ARTICLE X**

9 **FINAL PROVISION**

10 **SEC. 28.** No local government shall enact or enforce any ordinance or resolution in  
11 conflict with the provisions of this Act, or prohibiting any deputy or agent of the authority to  
12 enforce this Act, within their respective territorial jurisdiction and the provisions of any charter  
13 it0 the contrary notwithstanding.

14  
15 **SEC. 29. Appropriations.** To carry out effectively the provisions of this Act during the  
16 transition period, the amount equivalent to thirty five percent (35%) of the collection for the year  
17 is hereby appropriated in addition to the appropriations provided in the General Appropriation  
18 Act of the LTO, LTFRB, OTC, TMG and TEG.

19  
20 **SEC. 30. Separability Clause.** If for any reason, any section or provision of this Act is  
21 declared to be unconstitutional or invalid, the other sections or provisions hereof which are not  
22 affected shall continue to be in full force and effect.

23  
24 **SEC. 30. Repealing Clause.** All acts, decrees, orders, and instructions or parts thereof  
25 inconsistent with the provisions of this Act are repealed and modified accordingly.

26

1           **SEC. 32. *Effectivity.*** This act shall take effect thirty (30) days after approval and  
2 publication in the Official Gazette. ,

Approved,