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SENATE

S. B. NO. 351

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Introduced by **SENATOR JOEL VILLANUEVA**

**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

¹ Hahn, Robert and Metcalfe, Robert. "The Ridesharing Revolution: Economic Survey and Synthesis." Oxford University Press, Volume IV: *More Equal By Design: Economic Responses to Inequality*. Retrieved from: <https://www.brookings.edu/wp-content/uploads/2017/01/ridesharing-oup-1117-v6-brookings1.pdf> (date last accessed: July 1, 2019)

² 2018, June 3. "Study shows TNVS remain popular among Metro Manila commuters." Retrieved from: <https://businessmirror.com.ph/2018/06/03/study-shows-tnvs-remain-popular-among-metro-manila-commuters/> (date last accessed: July 1, 2019)

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)

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.


SENATOR JOEL VILLANUEVA

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**AN ACT RECOGNIZING ALTERNATIVE MODES OF PUBLIC
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THEIR OPERATIONS, 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 "Alternative Modes
2 of Transportation Act."
3
- 4 **SEC 2. Declaration of Policy.** – It is hereby declared the policy of the State
5 to engage in dynamic technological innovations and allow the provision of
6 affordable transportation options, while guaranteeing the safety and well being
7 of the riding public.
8
- 9 **SEC 3. Definitions.** – As used in this Act, the following terms shall mean:
10
- 11 a) **Pre-arranged ride** refers to the provision of transportation by a
12 rideshare network driver to a rideshare network rider beginning when a
13 rideshare network driver accepts a request made by a rideshare network
14 rider by means of a digital network. A prearranged ride does not include
15 a shared expense carpool or vanpool arrangement or any other type of
16 arrangement or service in which the driver receives a fee that does not
17 exceed the driver's costs associated with providing the ride.
18
- 19 b) **Rideshare network driver** refers to an individual who (a) satisfies the
20 requirements provided in Section 5 of this Act, (b) receives requests for
21 prearranged rides from potential passengers by means of a digital
22 network, and (c) uses a rideshare network vehicle to offer or provide a
23 pre-arranged ride for compensation upon connection through a digital
24 network.
25

- 1 c) **Rideshare network rider** refers to an individual who has obtained an
2 account to use a digital network, or another individual designated by the
3 account holder, to receive a prearranged ride.
4
- 5 d) **Rideshare network vehicle** refers to a vehicle seating less than fifteen
6 (15) passengers, including, but not limited to, any passenger automobile,
7 truck, motorcycle, or similar vehicle, that is owned, leased, rented, or
8 authorized for use by a rideshare network driver and that has been
9 approved by a rideshare support company to be used for providing
10 prearranged rides.
11
- 12 e) **Rideshare support company** refers to a duly registered sole
13 proprietorship, partnership, or corporation organized under the laws of
14 the Philippines that supports the provision of pre-arranged transportation
15 services by connecting rideshare network drivers with rideshare network
16 riders, for compensation using Internet-based technology application or
17 digital platform technology, including accrediting rideshare network
18 drivers in accordance with the provisions of this Act.
19
- 20 **Sec 4. Permit.** – A person shall not operate a rideshare support company
21 without first having obtained a certificate of accreditation from the Land
22 Transportation Franchising and Regulatory Board (LTFRB) pursuant to this
23 Act; *Provided*, That any entity performing the functions of a rideshare support
24 company operating in the Philippines before the effective date of this Act may
25 continue operating pending the issuance of the permit required under this Act;
26 *Provided however*, That the entity shall immediately cease operation upon
27 denial of its application.
28
- 29 The permit required under this Section shall be issued to an applicant-
30 rideshare support company that meets the following requirements:
31
- 32 a) Has established a process, consistent with Section 5 of this Act, to
33 enable individuals to become rideshare network drivers;
34
- 35 b) Requires criminal history checks for individuals seeking to become
36 rideshare network drivers and complies with all other requirements set
37 by the LTFRB in determining the fitness of rideshare network drivers;
38
- 39 c) Provides proof of its compliance with the insurance requirements set
40 forth in Section 7 of this Act;
41
- 42 d) Provides an undertaking to comply with all obligations of a rideshare
43 support company provided in this Act and its implementing rules and
44 regulations;
45
- 46 e) Pays a fee of a least Ten Thousand Pesos (Php10,000.00), which must
47 be paid annually: *Provided*, That such amount may be adjusted upon
48 prior consultation with relevant stakeholders.
49

1 The permit issued under this Section shall be limited to a geographical area
2 as may be prescribed by the LTFRB upon a determination that the services
3 provided by a rideshare support company is necessary therein.

4
5 **SEC 5. Rideshare Network Driver Requirements.** – Before allowing an
6 individual to act as a rideshare network driver, the rideshare support company
7 shall require the individual to provide relevant information, including, but not
8 limited, to the driver's address, age, license number, motor vehicle
9 registration, automobile liability insurance, and such other information as may
10 be deemed necessary in order to determine the applicant's fitness to become
11 a rideshare network driver; *Provided*, That a rideshare support company shall
12 only permit an individual to act as such if the individual:

- 13
14 a) Has not been convicted of any felony punishable with imprisonment of
15 not less than two (2) years, within the past seven years, as shown by a
16 criminal history report or clearance or other similar document issued by
17 the National Bureau of Investigation;
18
19 b) Possesses a valid non-professional or professional driver's license, and
20 who has not committed more than five (5) violations of traffic and other
21 related laws and regulations within the last two (2) years;
22
23 c) Provides proof of valid registration for the motor vehicle(s) to be used in
24 providing pre-arranged rides;
25
26 d) Provides proof that the rideshare motor vehicle is covered by a third
27 party liability insurance to cover for passenger injuries in the amount of
28 at least One Hundred Thousand Pesos (Php100,000.00); and
29
30 e) Is at least eighteen (18) years of age.

31
32 *Provided, further*, That in determining the fitness of the applicant-rideshare
33 network driver, the rideshare support company may:

- 34
35 a) Conduct, by itself or with the assistance of a third party, a criminal
36 background check for each individual;
37
38 b) Request the LTFRB to determine the fitness of the applicant-rideshare
39 network driver pursuant to the rules and regulations set by the LTFRB;
40 or
41
42 c) Require the submission of other requirements as it may deem necessary
43 and expedient to ensure the fitness of the applicant-rideshare network
44 driver.

45
46 *Provided finally*, That the rideshare support company shall have the
47 continuing obligation to supervise and assess the performance of all
48 accredited rideshare network drivers, and, if necessary, suspend or revoke
49 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).

SEC 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.

SEC 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.

SEC 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.

SEC. 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.

- 1 b) A rideshare network driver may travel on any route selected by the
2 rideshare network rider, including those with predetermined drop-off and
3 pick-up points, or on a route selected by the rideshare network driver
4 *Provided*, That the LTFRB may, when necessary to control traffic and
5 the number of vehicles-for-hire plying the area, limit the number of
6 rideshare network vehicles operating in an area.
7

8 **SEC. 10. Cap or Limit on Volume of Vehicles.** – There shall be no
9 immediate cap or limit on the number of vehicles that may operate under a
10 rideshare support network, *Provided*, that the Land Transportation Office
11 (LTO), LTFRB, the metropolitan development councils and other pertinent
12 government agencies shall conduct an annual study on the total volume of
13 vehicles plying in an area, the total number of rideshare motor vehicles
14 therein, their impact on the traffic situation in the area, to determine the
15 reasonableness of the total number of rideshare motor vehicles therein, with
16 due regard to the demand for the continuous operation of such motor
17 vehicles.
18

19 **SEC 11. Electronic Invoices.** –
20

- 21 a) Following the completion of a pre-arranged ride, the rideshare support
22 company and the rideshare network driver shall ensure that an electronic
23 invoice is transmitted to the rideshare network rider, which shall include,
24 but not be limited, to:
25
26 1) The origin and destination of the trip;
27
28 2) The total time and distance of the trip;
29
30 3) The first name of the rideshare network driver;
31
32 4) An itemization of the total fare paid, if any.
33
34 b) Notwithstanding subsection (a) above, nothing herein shall prevent the
35 rideshare network driver to directly provide a receipt to a rideshare
36 network rider, or to designate the rideshare support company to provide
37 such receipt to the rider.
38
39 c) The Bureau of Internal Revenue (BIR) shall establish mechanisms to
40 ensure that the receipts issued under this Section are compliant with the
41 applicable provisions of the Tax Code on the proper form and issuance
42 of receipts.
43

44 **SEC 12. Records.** – A rideshare support company and the rideshare network
45 driver shall keep in its records the individual trip records and the receipts
46 issued therefor for at least five (5) years from the date each trip happened.
47
48
49
50

1 **SEC 13. Audit Procedures; Confidentiality of Records. –**
2

- 3 a) For the sole purpose of verifying that a rideshare support company is in
4 compliance with the requirements of this Act, the LTFRB shall have the
5 authority to annually inspect the records of the rideshare support
6 company; *Provided*, That the audit shall take place at a mutually agreed
7 location; *Provided further*, That such inspection shall be done with due
8 regard to the provisions of the Data Privacy Act of 2012; *Provided*,
9 *furthermore*, That nothing herein shall prevent the LTFRB, *motu proprio*
10 or upon complaint, from inspecting the records of a rideshare support
11 company, with due regard to the provisions of the Data Privacy Act,
12 unless the disclosure of personal information is necessary for the
13 resolution of the complaint.
14
- 15 b) Any records furnished to the LTFRB under this Act shall be confidential
16 and shall not be disclosed to any third party without prior written consent
17 of the rideshare support company and/or the rideshare network driver or
18 rider.
19

20 **SEC 14. Limitations on Rideshare Support Companies. –**
21

- 22 a) A rideshare support company shall not be deemed to:
23
24 1) Control, direct or manage the rideshare network drivers or
25 rideshare network vehicles, except as expressly provided in this
26 Act or as agreed by the parties in writing; or
27
28 3) Operate a common carrier.
29
- 30 b) Rideshare network drivers shall not be deemed employees of rideshare
31 support companies unless otherwise agreed upon in writing by the
32 parties; *Provided*, that:
33
34 1) There are no limitations on the number of hours that, and when, a
35 rideshare network driver must be logged on to the digital network;
36 and
37
38 2) There are no restrictions on the ability of the rideshare network
39 driver to engage with other digital networks.
40

41 **SEC 15. Enforcement. –**
42

- 43 a) A rideshare support company that has violated any provisions of this Act
44 shall be liable, after notice and hearing, for an administrative fine of up to
45 Five Hundred Thousand Pesos (Php500,000.00), or suspension or
46 revocation of its accreditation as rideshare network company, upon a
47 determination by the LTFRB that the rideshare support company has
48 committed repeated violations of any provisions of this Act and that the
49 same endangers the public.
50

- 1 b) In the determination of fines to be imposed under this Section, the
2 LTFRB shall take into consideration the following:
3
4 1) The severity of the violation;
5
6 2) Good faith effort to remedy the violation; and
7
8 3) History of previous violations.
9
10 c) The LTFRB shall resolve to expeditiously process all applications to
11 ensure the continuous and immediate availability of qualified rideshare
12 network drivers.
13

14 **SEC 16. Controlling Authority.** – The LTFRB shall be the lead implementing
15 agency in carrying out the provisions of this Act.
16

17 **SEC 17. Implementing Rules and Regulations.** – The LTFRB, in
18 consultation with relevant stakeholders, shall issue the rules and regulations
19 necessary to implement the provisions of this Act within ninety (90) days from
20 its effectivity. For the avoidance of doubt, the implementing rules and
21 regulations issued for this purpose shall not impose additional accreditation or
22 permit requirements other than those provided under this Act.
23

24 **SEC 18. Separability Clause.** – If any section or part of this Act is held
25 unconstitutional or invalid, the remaining section not otherwise affected shall
26 remain valid.
27

28 **SEC 19. Repealing Clause.** – All provisions of existing laws, presidential
29 decrees or issuances, executive orders, letters of instruction, administrative
30 orders, rules and regulations contrary to or inconsistent with the provisions of
31 this Act are hereby repealed, amended, or modified accordingly.
32

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

36 **Approved,**
37