

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

OFFICE OF THE SECRETARY

JUL 16 12:51

SENATE

S. No. 403

RECEIVED



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.

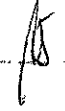
Hence, passage of this bill is earnestly requested.


ANTONIO "SONNY" F. TRILLANES IV
Senator

10 JUL -6 P2:52

SENATE

S. No. 403

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Introduced by Senator Antonio "Sonny" F. Trillanes IV

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

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 2010.*"

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

1 government in the promotion, development and regulation of a dependable network of land
2 transportation systems.

3

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

10

11 **ARTICLE II**

12 **DEFINITIONS**

13 **SEC. 4. *Words and Phrases Defined.*** - As used in this Act, the following terms shall
14 mean:

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

21 (b) *“Highway”* shall mean the entire width between the boundary lines of every way
22 publicly maintained when any part thereof is open to the use of the public for the
23 purpose of vehicular travel.

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

- 1 (d) *“Component”* shall mean any part of a motor vehicle such as engine, chassis and
2 body or parts thereof.
- 3 (e) *“Dealer”* shall mean any duly accredited person, association, partnership, firm or
4 corporation engaged in the assembly, manufacture, importation, buying and selling,
5 or rebuilding of motor vehicles or its components evidenced by a commercial
6 invoice.
- 7 (f) *“Director-General”* shall mean the actual or acting chief of the national Land
8 Transportation Authority duly appointed or designated by the President of the
9 Republic of the Philippines.
- 10 (g) *“Deputies ”* shall mean the organic and duly authorized representatives of the
11 Director General to carry out the provisions of this Act.
- 12 (h) *“Agents”* shall mean the duly designated representatives of the Director General
13 authorized to assist in enforcing the provisions of this Act.
- 14 (i) *“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
16 thereto for an appreciable period of time. A motor vehicle which properly stops,
17 merely to discharge a passenger or to take in a waiting passenger, or to load and
18 unload a small quantity of freight with reasonable dispatch shall not be considered
19 as “parked” if the motor vehicle again moves away without delay.
- 20 (j) *“Driver”* shall mean any person who is in actual physical control of a motor vehicle
21 in operation.
- 22 (k) *“Professional Driver”* shall mean any person hired or paid to operate a motor
23 vehicle whether in private use or for hire to the public. Any person driving his own
24 motor vehicle for business or for hire is a professional driver. Nothing in this
25 definition shall prevent a professional driver from operating a private vehicle
26 without compensation.

- 1 (l) *“Non Professional Driver”* shall mean any person operating any vehicle except a
2 public utility vehicle, without compensation.
- 3 (m) *“Conductor”* shall mean a person assisting the driver of a public utility vehicle to
4 ensure the safety of cargoes and/or passengers while said vehicle is in operation.
- 5 (n) *“Certificate of Public Convenience”* shall mean the authorization issued by the
6 Authority for the operation of land transportation services for public use as required
7 by law.
- 8 (o) *“Authorized Route”* shall mean the approved origin and destination points linked by
9 a chain of highways and streets open for public use over which the service is
10 authorized.
- 11 (p) *“Public Utility Operator”* shall mean the registered owner of the motor vehicles
12 authorized for public utility operation by the Authority.
- 13 (q) *“Abandonment of Service”* shall mean the suspension or cessation of service by a
14 public utility operator in its authorized route or portions thereof. A partial
15 abandonment of service is presumed when a public utility operator fails to field the
16 authorized number of units on a route after due notice from the Authority.

18 ARTICLE III

19 CREATION, POWERS AND FUNCTION

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

23
24 **SEC. 6. *Powers and Functions.*** To accomplish its mandate and objectives, the Authority
25 is authorized to:

- 26 (a) Prepare the National Land Transportation Development Program for approval by
27 the NEDA Board; evaluate and package projects and investment programs; and for

1 this purpose, may call on any agency or organization whether public or private
2 whose development plans include land transportation as an integral part thereof, to
3 participate in the preparation and implementation of such programs;

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

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

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

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

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

25 (g) Establish rules and regulations for the inspection and registration of motor vehicle;
26 issuance, suspension and revocation of driver's licenses and permits, type approval

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

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

- 20 (a) Secretary of Department of Transportation and Communications (DOTC);
- 21 (b) Director General of the National Land Transportation Authority (NLTA), appointed
22 by the President as Chief Executive Officer;
- 23 (c) Secretary of Department of Interior and Local Government (DILG);
- 24 (d) Secretary of Department of Budget and Management (DBM);
- 25 (e) Secretary of the Department of Finance (DOF);
- 26 (f) Secretary of the National Economic Development Authority (NEDA); and
- 27 (g) A representative from the transport sector to be appointed by the President.

1 Transportation District Director appointed by the Director-General. The LTDO shall have the
2 rank, salary and privileges of a Director II. The qualifications herein required for LTDO shall
3 apply to officials appointed pursuant to this law without prejudice to incumbent heads of LTO
4 district offices regardless of their status.

5
6 **SEC. 9. Powers of the Director-General.** As Chief Executive Officer of the Authority,
7 the functions and powers of the heads of the LTO, LTFRB, and OTC as provided under R.A.
8 4136 and CA 146 as amended as well as other laws otherwise not expressly defined in this Act
9 are now deemed transferred, vested and exercised by the Director-General of the Authority,
10 including the following:

- 11 (a) Implement, enforce and apply the policies, programs, guidelines, procedures, rules
12 and regulations promulgated, prescribed, issued and adopted by the Authority;
- 13 (b) Manage the affairs of the Authority and ensure the smooth operational efficiency of
14 the national land transportation system;
- 15 (c) Sign contracts, approve expenditures and appoint and discipline employees below
16 the level of Presidential appointees;
- 17 (d) Submit an annual budget to the Board for recurrent income and expenditures for
18 adoption not later than one month before the commencement of the ensuing year;
- 19 (e) Undertake research, studies, investigations, projects and other related activities, and
20 submit reports and recommendations to the Board for its information and or
21 approval; engage the services of experts/consultants either in full time or part time
22 basis as may be required in the performance of his functions and duties as maybe
23 determined by him subject to the approval of the Board;
- 24 (f) Designate as deputies government entities with traffic-related functions, civic action
25 groups, Non-Government Organization (NGO) and Public Officers (PO) of good
26 standing;

- 1 (g) Do any act or thing for the proper operation and administration of the Authority;
2 and
3 (h) Perform such other functions and duties as the Board may assign from time to time.
4

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

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

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

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

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

25 **ARTICLE V**

26 **FINANCE**

1 **SEC. 12. Sources of Funds.** Subject to the rules on government auditing, the equivalent
2 of fifty percent (50%) of its total annual revenue collections arising from registration of motor
3 vehicle, licensing of drivers, franchising and other miscellaneous transactions shall be retained
4 by the Authority to pay for its annual operations and capital expenditures. Under this section, the
5 Authority is also hereby allowed to undertake the following:

6 (a) Funds generated from its own special projects not arising from its regular functions
7 shall be retained by the authority for employees' welfare, subject to the approval by
8 the Board.

9 (b) The Authority is authorized to contract loans, credits and other indebtedness as it
10 may deem seem necessary to carry out the purposes of this Act. The obligations
11 shall be the sole liability of the Authority unless guaranteed by the Republic of the
12 Philippines.

13 (c) Revenue generated from fines and penalties including proceeds from public sale
14 arising from law enforcement activities shall be retained by the Authority for its
15 operational and maintenance requirements.

16 (d) The collection of motor vehicle registration fees shall be reinstated to defray
17 operational costs and maintenance of national regional facilities.

18 (e) The Director-General shall, every year, prepare and adopt estimates of income and
19 expenditures and capital budget for the ensuing year. Its annual budget shall be
20 submitted to the Board for approval.

21
22 **SEC. 13. Exemption from Taxes and Duties.** The importation of equipment,
23 machineries, software accessories and materials used directly in the operation of the Authority
24 and which are otherwise not available locally on favorable terms, are exempted from all direct
25 and indirect taxes, duties, fees, imposts and other charges and restrictions, the provisions of
26 existing laws to the contrary notwithstanding. Provided, that, when the Authority disposes of
27 such equipment, machineries, software, accessories and materials, the buyer of the same shall

1 pay to the government the corresponding taxes and duties as assessed by the Bureau of Internal
2 Revenue 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/orrr 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 (a) Decisions of orders of the Director-General appealable to the Board within a period
9 of 15 days computed from the date of receipt of said decision appealed from the
10 decision of the Board shall be final and executory.

11 (b) 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
13 period of 15 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.

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
9 within fifteen (15) days from receipt of such notice, or to participate in the public
10 auction. The proceeds of the public auction shall be applied to all liens, fines, fees
11 and penalties accruing in favor of the Authority provided that the remainder shall be
12 returned to the registered owner.

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

18 **ARTICLE VII**

19 **TRANSITORY PROVISIONS**

20 **SEC. 21. *Abolition.*** The Land Transportation Office, the Land Transportation
21 Franchising and Regulatory Board and the Office of Transport Cooperatives in the Department
22 of Transportation and Communications and the TMG of the PNP and Traffic Enforcement Group
23 of MMDA are hereby abolished. Properties, assets and liabilities, all powers and duties, rights
24 and chooses of actions, vested by law or exercised by said abolished offices and its predecessors
25 are hereby transferred to the Authority.
26

1 convicted or in doing the act or series of acts which constituted the offense of which he was
2 convicted.

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

11
12 **ARTICLE X**

13 **COLLECTIBN OF FEES, TAXES AND FINES, LIENS, ALLOTMENT OF FUNDS**

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

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

26 (b) **Lien Upon Motor Vehicles.** Any balance of fees for registration, renewal
27 registration or delinquent registration of a motor vehicle remaining unpaid and all

1 fines imposed upon any vehicle owner shall constitute a first lien upon the motor
2 vehicle concerned. The Director-General is hereby vested with the authority to issue
3 a warrant of constructive or actual distraint or levy to any owner of motor vehicle
4 who has any balance of fees for registration, renewal or delinquent registration of a
5 motor vehicle remaining unpaid which upon demand by the Director-General or his
6 deputies executing such warrant, the owner of the vehicle shall surrender the same
7 at the time demanded, except when the attachment or execution is under any
8 judicial process. Any owner who fails or refuses to surrender any of such property
9 or vehicle not surrendered shall be punished by a fine not exceeding the amount of
10 the fees, including penalties and interest, if any, for the collection of which such
11 warrant has been issued, together with the cost and interest if any until surrendered.

12 13 **ARTICLE X**

14 **FINAL PROVISION**

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

19
20 **SEC. 29. Appropriations.** To carry out effectively the provisions of this Act during the
21 transition period, the amount equivalent to thirty five percent (35%) of the collection for the year
22 is hereby appropriated in addition to the appropriations provided in the General Appropriation
23 Act of the LTO, LTFRB, OTC, TMG and TEG.

24
25 **SEC. 30. Separability Clause.** If for any reason, any section or provision of this Act is
26 declared to be unconstitutional or invalid, the other sections or provisions hereof which are not
27 affected shall continue to be in full force and effect.

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

3

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

Approved,