

Republic of the Philippines
HOUSE OF REPRESENTATIVES

Quezon City
18TH CONGRESS
First Regular Session

House Bill No. 5748



Introduced by **REP. EVELINA G. ESCUDERO**

EXPLANATORY NOTE

Undoubtedly, history's recent technology of immense and profound importance is the internet. It changed the lives and habits of this generation- young and old. It forever changed the way we access information, entertain and express our ourselves, interact with people, and find solutions to our mundane and complex problems.

One of the modern innovations that exploited the power of the internet is the internet-enabled transportation service or Transport Network Vehicle Service (TNVS) of the Transport Network Companies (TNCs). With this service, a commuter no longer has to be out in the street at any time to be able to hail a vehicle for a ride. He or she only has to open the TNC application on his or her mobile phone, tap the point of pick up and point of destination and he or she instantly knows when the vehicle will arrive and how much the fare will be.

Thus, the service turned out to be very popular and heavily patronized by the commuting public as it is efficient and convenient.

Differently put, the TNCs have responded to the transport predicament of ordinary commuters in a novel way that may or may not however fit in the traditional mode of State regulation. As State regulators had been seemingly caught unprepared to deal with this transport innovation, they grappled with the issue of regulation. With the public's overwhelming support of the transport service, the State regulators have had little choice but to embrace the same and adjust and adapt its system of regulation, albeit progressively in phases.

Engaged in the operation of a public utility and imbued with public interest, the Department of Transportation nonetheless issued Department Order (DO) No. 2018-013¹ mandating the Land Transportation Franchise and Regulatory Board (LTFRB) to regulate TNCs

¹ D.O. No. 2018-013, "Authority of the Land Transportation Franchise and Regulatory Board to Regulate the Transport Network Companies (TNCs) and Transport Network Vehicle Service (TNVS) operators." Issued on June 11, 2018.

and TNVS and to determine the fares for the TNVS. However, repeated claims of overcharging of these TNCs and TNVS remain. Moreover, there appears to be no clear process of refund in case of overcharging.

Consequently, amidst these overcharging issues, this Bill seeks to legislate the powers of the LTFRB as provided in the above DO by giving it the specific statutory mandate to determine fare rates and adopt a system of refund so as to fully protect the interest of the riding public.

Needless to state, it is submitted that this proposed measure can serve as a viable platform to discuss and deliberate with the end in view of striking a reasonable balance between the rights and interests of the riding public, on one hand, and the various TNVS and TNCs, on the other – and ultimately arrive at the appropriate State policy to be taken and approved by Congress.

RESPECTFULLY SUBMITTED.

A handwritten signature in cursive script, likely of the author, is written below the text "RESPECTFULLY SUBMITTED."

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AN ACT
TO REGULATE THE FARE RATES OF TRANSPORT NETWORK COMPANIES AND
TRANSPORTATION NETWORK VEHICLES SERVICE.

Be it enacted by the Senate and House of Representatives of the Philippines in Congress assembled:

ARTICLE I

GENERAL PROVISIONS

SECTION 1. *Short Title.* - This Act shall be known as the "*Transport Network Vehicle Service and Transport Network Companies Regulation Fare Rates Act of 2019.*"

SEC. 2. *Declaration of Policies.* - It is hereby declared the policy of the State to protect and promote the right of all citizens to a safe, accessible and affordable means of transportation by regulating public transport services, specifically the fare rates of Transport Network Vehicle Service (TNVS) and Transport Network Companies (TNCs) which must always be reasonable to all commuters.

SEC. 3. *Scope of the Act.* - This Act seeks to regulate the fare rates of all Transport Network Vehicle Service (TNVS) and the Transport Network Companies (TNCs) as defined in Section 4 of this Act.

SEC. 4. *Definition of Terms.* -

a.) Transport Network Company (TNC). - Refers to a person or entity that provides pre-arranged transportation services for compensation using an internet-based technology application or digital platform technology to connect passengers with drivers using their personal vehicles.²

² Section 1, D.O. No. 2018-013.

b.) **Transportation Network Vehicle Service (TNVS).** - Refers to a TNC-accredited private vehicle owner, which is a common carrier, using the internet-based technology application or digital platform technology transporting passengers from one point to another, for compensation.³

SEC. 5. Regulation and Supervision. - TNCs and TNVS are subject to the full regulation and supervision by the Land Transportation Franchising and Regulatory Board (LTFRB), specifically in the standardization of fare rates, system of refund in case of overcharging and adjustments of such standardized fare rates.

SEC. 6. Fare Rate Determination and Adjustment. - The fare rates for TNVS shall be determined and adjusted by the LTFRB taking into consideration the following:

- a) Make/Type of the vehicle;
- b) Year model;
- c) Time of service; and
- d) Distance covered.

In the determination of such initial rates, the LTFRB shall conduct public hearings as may be deemed necessary in consultation with TNCs, TNVS, the concerned drivers and all other stakeholders. The LTFRB shall ensure that the public and stakeholders are duly notified of such hearings indicating the date, time and place at least three (3) days before the scheduled hearings.

SEC. 7. Refund. - The LTFRB shall likewise provide for a system of refund in cases of overcharging of TNCs and TNVS, as the case may be, which shall accommodate a convenient and effective refund process to commuters. A convenient and effective refund process shall mean the actual or physical return of the overcharged amount to a commuter within five (5) days from date the claim for refund is made.

SEC. 8. Penalties. - Any violation of the provisions of this Act shall result in the imposition of fines, suspension, and cancellation of accreditation, subject to notice and hearing.

SEC. 9 Implementing Rules and Regulations (IRR). - Within ninety (90) days from the date of effectivity of this Act, the Department of Transportation through the LTFRB shall promulgate the necessary implementing rules and regulations for the effective implementation of this Act.

SEC. 10. Repealing Clause. - All laws, decrees, executive orders, rules and regulations or parts thereof not consistent with the provisions of this Act are hereby repealed or modified accordingly.

³ Section 2, D.O. No. 2018-013.

SEC. 11. *Separability Clause.* - If any provision or part of this Act, or the application thereof to any person or circumstance, is held unconstitutional or invalid, the remainder of this Act shall not be affected thereby.

SEC. 12. *Effectivity Clause.* - This Act shall take effect fifteen (15) days from the date of its complete publication in the Official Gazette or in at least two (2) newspapers of general circulation.

Approved.